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Major League Baseball's Latin American Connection: Salaries, Scouting, and Globalization

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University of San Diego

**Major League Baseball's Latin American Connection:
Salaries, Scouting, and Globalization**

A Thesis submitted in partial satisfaction of the requirements
for the degree of

Masters of Arts in History

by

Ezequiel Kitsu Lihosit

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INTRODUCTION

MAJOR LEAGUE BASEBALL IN LATIN AMERICA

The number of Latin American players in Major League Baseball has increased dramatically from 1980 to 2015. While an average of only five Latin Americans per year played during the first half of the twentieth century, the integration of Major League Baseball in 1947 increased recruiting in Latin America. A series of labor disputes resulting in soaring salaries made Latin American players, who were paid much less, increasingly desirable. By the late 1990's one quarter of all Major League Baseball (MLB) players were foreign born.¹ Almost all of these players were Latin Americans, and no country has contributed more professional baseball players than the Dominican Republic.² Author Rob Ruck wrote, in 1998, that "almost a tenth of all major league players come from this nation of eight million people. Only California, with over four times the population, sends more of its sons to the majors."³ Baseball's labor evolution has changed how teams scout, sign and develop players. This thesis will

¹ Marcos Breton and Jose Luis Villegas, *Away Games, The Life and Times of a Latin Baseball Player* (N.Y., N.Y.: Simon & Schuster, 1999), 36.

² Latin America refers to 21 nations south of the U.S. border where French, Portuguese and Spanish are spoken (Latin-based languages). Seven are part of North America (Mexico and Central America, four are located in the Caribbean Sea (Cuba, Haiti, Dominican Republic and Puerto Rico) and the remainder in South America. In both the Caribbean and South America, those nations which speak English or Dutch are usually excluded. However, this paper mentions MLB baseball players from four countries in the American hemisphere where Romance languages are not the official language. They include, Belize (English), the Virgin Islands (English), Aruba (Dutch) and Curacao (Dutch).

³ Rob Ruck, *The Tropic of Baseball, Baseball in the Dominican Republic* (Lincoln, NE: University of Nebraska Press, 1991), 196.

examine the historical relationship between MLB and Latin America, and how economic factors have increased the importance of acquiring international talent—in particular, players from the Dominican Republic.

With MLB's high percentage of active Latin players, many historians have written about the origins of the connection between Latin America and MLB.⁴ The pioneer teams and players are important, but there is scant historiography on how and when MLB began signing Latin American players in large numbers. The evolution of the international signing system, specifically in the Dominican Republic, has been underestimated by historians. Over the last one hundred years, thousands of Latin American players have played in the American major leagues. This work will focus on the MLB economic and labor changes throughout history, its effects on players, and specifically, recent Latin American signings between 1980 and 2015, emphasizing the Dominican Republic.

The history of Latin American baseball players and MLB parallels American Civil Rights history. Most literature about the first Latin American players describes racial prejudice. Writers such as Peter Bjarkman, Rob Ruck, Adrian Burgos and Samuel Regalado have written about the Latin experience as similar to the African-American experience (and many Latin Americans are of African descent). Both African-American and Latin players were overlooked by owners, other players, fans and writers in their time due to prejudice. Examining the success and important contributions of baseball pioneers, like the first African Americans or Latin American players, is important because it educates the

⁴ Throughout the text, Latin American may be shortened to Latin or Latino. This term is specifically referencing foreign born-Latin American baseball players.

common fan about their professional accomplishments, albeit after their playing days have finished. These biographical portraits however, can make one feel as though discrimination was ended. It has not. It has evolved. Today's catch phrase, "business model," disguises exploitation by using cost analysis to justify unfairness. This could easily be called post-colonialism, a term used to refer to Europeans' arrogance when dealing with their former colonies. Institutional racism might have ended for MLB players, but for foreign, Latin American players the legacy of the color barrier left behind a residue of inequity: unequal pay for equal work.

The origins, experiences, and history of the first and most successful Latin American MLB players have been well documented by historians over the past half century. One of the most prolific writers on the subject is Samuel Regalado, with numerous articles, essays, and a book on Latin American ballplayers' experiences. His *Viva Baseball!* is a chronological overview of the history of Latin American professional baseball in the United States.⁵ Regalado presents extensive background and provides vivid accounts of the earliest players' experiences, but focuses on the personal struggles faced by the players during their transition. The obstacles many foreign players faced in MLB, and their experiences in sports' civil rights, have been proven and are important, but the same focus and scholarship needs to be given to the economic inequalities between ballplayers. African Americans faced some of the same racial and societal challenges when they broke the color line and were integrated into the

⁵ Samuel O. Regalado, *Viva Baseball! Latin Major Leaguers and Their Special Hunger* (Chicago: Univ. of Illinois Press, 1998).

majors, but they did not have the same experience in recruitment and the negotiation of contracts that affected Latin Americans throughout the last half of the twentieth and the beginning of the twenty-first century. Regalado also has written articles that examine MLB's complex relationship with Latin American players. I agree with Regalado's globalization argument about baseball production: MLB is similar to other global companies in that it produces entertainment with cheap overseas labor and sells it at full retail in the United States.

Author Alan Klein is part of a more radical school of thinking.⁶ Klein, whose work, beginning in the mid-1980s, describes the current MLB team academy system, the role of Dominican scouts, the issues with foreign players and offers policy recommendations to improve the current system. He concludes that MLB exploited the Dominican Republic, in a neocolonial model. Authors Arturo Marcano Guevara and David Fidler agree and chronicle MLB exploitation through the process of globalization, player recruitment and development in foreign markets.⁷ These authors lay out how MLB operates in the Dominican Republic. This paper will also add to the scholarship by examining the most recent history (1995-2015), Latin American signings, the history of MLB labor and its relation to the Latin American player's market.

A counterargument to Klein, Guevara and Fidler's exploitation thesis, is what can be called the opportunity thesis. The opportunity thesis asserts that MLB

⁶ Alan M. Klein, *Dominican Baseball: New Pride, Old Prejudice* (Philadelphia: Temple University Press, 2014), 19.

⁷ David P. Fidler and Arturo J. Marcano Guevara. *Stealing Lives; The Globalization of Baseball and the Tragic Story of Alexis Quiroz*. (Bloomington, IN, Indiana University Press, 2002).

offers foreign-born players an opportunity to escape poverty. This can also be called economic relativism. Joe Cambria, formerly an international scout for the Washington Senators and the foremost pioneer in Latin American scouting in the early twentieth century, summed up MLB scouts' opinions on signing, "I don't believe in bonuses, I open the door to opportunity for ball players."⁸ Another example of MLB's attitude towards Latin American players is the Detroit Tigers, who in 1949 offered Alfonso Carrasquel a baseball glove and a plane ticket to the United States as his bonus.⁹ Rene Gayo, Director of Latin American scouting operations for the Pittsburgh Pirates put it more bluntly, "These guys, if they don't play in the big leagues they're going to end up selling mangoes in the street."¹⁰ Gayo argues that MLB teams can pay Dominicans less than other American players simply because they are happy to accept less money.

Alan Klein and other authors argue that economic relativism and the opportunity thesis are flawed, exploitative rationalizations furthered by major league teams who want to spend as little as possible on players' salaries. MLB has a business interest to keep salaries as low as possible; this reality supersedes the Dominican players' access to a free market. The poverty on the island gives MLB an overwhelming negotiating advantage. This neocolonialism has been written about by Klein and Regalado, among others, and this thesis explores what may have changed now that Latin American players constitute a quarter of all MLB players.

⁸ Adrian Burgos Jr., *Playing America's Game: Baseball, Latinos, and the Color Line* (Berkeley: University of California Press, 2007), 230.

⁹ Fidler and Guevara, *Stealing Lives*, 37.

¹⁰ Ibid, 49.

Similarly, there are authors who expand the argument that MLB is taking advantage of cheap foreign labor. Published in 2002, *Stealing Lives*, describes an extreme account of MLB's Latin American signing and training system using a Venezuelan player, Alexis Quiroz, as a case study. Fidler and Guevara quote the Chicago Cubs minor league director at the time, David Wilder, who admitted to the *Chicago Tribune* "It's a Third World country, and that's the way [the clubs] treated it."¹¹ Using Quiroz and the Cubs as an example, the authors express concern for Dominican child labor, discrimination, and human rights. They explain that though there are international treaties to protect children from labor exploitation and abuse, they generally do not apply to multinational corporations, like MLB. One example is the reformed Venezuelan labor laws under Hugo Chavez. The authors then describe the social and economic differences between Latin players and American players, which create "double standards" and ultimately "indirect and covert" discrimination against Latinos.¹² Considering Fidler and Guevara's work was published in 2002, follow up scholarship is needed to see what changes and improvements teams have made. Dominican players are treated better today than in the past, and MLB investments in the Dominican academy system have been substantial. For example, the San Diego Padres in 2008 opened up an \$8 million, 15-acre academy complete with:

Two full fields and a half field, indoor batting cages and covered pitching mounds, plus a weight room. There's a dormitory for the players, separate quarters for the coaching staff, a dining hall and a

¹¹ Gary Marx, "Cubs odyssey was bad trip, he claims, Alexis Quiroz says conditions in the Dominican Republic were substandard" *Chicago Tribune*, June 29, 2003, http://articles.chicagotribune.com/2003-06-29/sports/0306290354_1_dominican-republic-cubs-officials-cubs-director.

¹² Fidler and Guevara, *Stealing Lives*, 175.

classroom with computers to help players continue their education, particularly in learning English.¹³

Still the economic divide in players' signing bonuses has persisted. Dollars being invested by MLB and paid to Dominican players have both unquestionably risen in the last thirty years, but not at a rate comparable to other players.

Recent developments in player recruitment, signing bonuses, and academies since the year 2000 make it necessary to update scholarship. This thesis expands upon Klein's argument by examining specific events that led to a dramatic increase in the number of Dominican players signing. It will emphasize the history of the market for Latin American players as opposed to individual player's stories, as well as the origins of Latin Americans in MLB, the teams that signed them, and the development of academies for younger players. Extra attention will be given to the beginnings and evolution of the academy system, because this innovation not only is what triggered increased Latin American recruitment but also improved foreign player's preparation and development. Also, this work examines increased regulation in accordance with findings by scholars such as Samuel Regalado, Jeffrey Storms, and David P. Fidler and Arturo J. Marcano Guevara. These authors have discussed the issue of signing minors. The issue of the exploitation of foreign talent by MLB, neocolonial globalization, and regulation for signing minors is included.

MLB teams are businesses and the cost savings due to lower foreign player salaries (along with player success) convinced an increasing number of

¹³ Bernie Wilson, "Padres officially open Dominican Republic baseball academy" *USA Today*, April 29, 2008, http://usatoday30.usatoday.com/sports/baseball/2008-04-29-2778253130_x.htm.

teams to follow this strategy. Since signing bonuses for foreign players remained consistently low compared to North American players, every MLB team began to scout and sign Latin American players. However, the practice has resulted in problems and criticism, especially with regard to the Dominican Republic. Competition, increased revenues, and journalistic scrutiny since the year 2000, predicated management reform in operations, increased investment in infrastructure and higher signing bonuses.

Part of the reason there is such a high number (27%) of international players in the game today is their historic wage gap compared to North American players. Roberto Clemente, of Puerto Rico, signed with the Dodgers in 1954 for a signing bonus of \$10,000.¹⁴ In the mid-1990s, Miguel Tejada, of the Dominican Republic, signed with the Oakland Athletics for \$2,000.¹⁵ Low salaries for Latin American players is one of the reasons that MLB teams recruit them. The twentieth century wage gap is real and helped create the neocolonial market and system.

Another argument, put forward from a legal perspective, is that the infrastructure today to develop elite baseball talent has affected teams' investment decisions. Stephen F. Ross and Michael James, Jr recently published an article entitled, "A Strategic Legal Challenge to the Unforeseen Anticompetitive and Racially Discriminatory Effects of Baseball's North American Draft." They contend that the creation of the amateur draft changed player development for

¹⁴ David Schoenfield, "How the Pirates Stole Roberto Clemente from the Dodgers," September 17, 2015. http://espn.go.com/blog/sweetspot/post/_/id/62869/how-the-pirates-stole-roberto-clemente-from-the-dodgers

¹⁵ Nicholas Dawidoff, "The Dominican National Pastime," *New York Times*, May 30, 1999. <http://www.nytimes.com/books/99/05/30/reviews/990530.30dawidt.html>

MLB teams and its consequences have been the diminishment of African American (U.S. born) player participation and subsequently the rise of Latin American players because of this investment shift.¹⁶ I agree with their argument, but will expand on the history of Latin American academies and discuss how the signing of players has affected MLB labor history.

Chapter one will outline the history of baseball in Cuba, Puerto Rico, the Dominican Republic and Mexico. Chapter two will examine the history of MLB scouting, signing and the introduction of the academy system in foreign countries will be explained. Chapter three will discuss labor relations, team revenue, salaries, the advent and effect of the amateur draft and free agency. Chapter four deals with recent changes in foreign academies, signing bonuses, and player recruitment. Chapter five will offer conclusions and projections for the future of MLB and foreign player development. The focus will be on players from the Dominican Republic because they are the largest player producing foreign country, but the larger focus is all foreign Latin American players since they constitute such a large percentage of MLB players.

¹⁶ Stephen F. Ross and Michael James, Jr., “A Strategic Legal Challenge to the Unforeseen Anticompetitive and Racially Discriminatory Effects of Baseball’s North American Draft,” *Columbia Law Review Sidebar*, October, 2015, 2.

CHAPTER ONE

BRIEF LATIN AMERICAN BASEBALL HISTORY

Baseball was first introduced to Latin America in the mid-nineteenth century and was played there during the last quarter of that century. By 1900, baseball was being played in Cuba, Puerto Rico, Nicaragua, Canada, China, Japan, and Mexico. The Dominican Republic, Venezuela, Panama, Brazil and Korea began playing by the 1920s. Between 1900 and 1950 only 53 foreign players played for major league teams.¹⁷ Of these, the great majority (81%) came from Cuba (See Map 1). For the first half of the twentieth century, the influx was limited both by custom and law. In the south especially, the custom of segregation limited the integration of dark-skinned players from Latin America. Even so, baseball became increasingly popular in neighboring Latin America (See Appendix 3 for a hemispheric chronology).

¹⁷ Peter C. Bjarkman, *Baseball with a Latin Beat; A History of the Latin American Game* (Jefferson, NC: McFarland & Co., Inc., 1994).

Cuba

Cuba was the first Latin American country to play baseball. Nemesio Guillott, a Cuban student returning from the United States, is credited with introducing baseball on the island in 1864.¹⁸ The first professional Latin baseball player in the United States was Cuban born Esteban Bellan. Bellan made his debut in 1868 for the Troy Haymakers, a New York team in the National Association.¹⁹ Baseball in Cuba flourished and two Cuban brothers, the Alomas, brought the game to the Dominican Republic in 1891.²⁰ Cuban teams were so skilled that they routinely beat major-league American teams when they visited Cuba on barnstorming tours.²¹



Map 1: MLB Players by Country of Origin 1900-1950

Source: *Viva Baseball! Latin American Major Leaguers and Their Special Hunger*, Samuel O. Regalado

¹⁸ Regalado, *Viva Baseball*, 10.

¹⁹ Burgos Jr., *Playing America's Game*, 18.

²⁰ Alan M. Klein, *Sugarball: The American Game, the Dominican Dream*, (New Haven, CT: Yale University Press, 1993), 16.

²¹ Burgos Jr., *Playing America's Game*, 89.

In 1910 the American League champion Philadelphia Athletics, who had won 102 of 154 games that year, lost six out of ten matchups against Cuban teams.²² These results surprised both Cubans and Americans. The competitiveness of the Cuban teams against their major league opponents made it clear that there was major-league level talent in Cuba.

Racial issues blocked many Cubans from coming to the United States and playing in the major leagues. At the turn of the 20th century, there existed a gentleman's agreement, "an agreement between Major League owners not to sign Black baseball players to their team."²³ A *Sporting News* article from 1911 describes the predicament, "Of course there is no rule in the National Agreement that prevents a club from employing *colored or partially colored* players. At the same time, nothing darker than an Indian has ever been tolerated."²⁴ In 1911, the Cincinnati Reds signed two light-skinned Cuban players, infielder Rafael Almeida and outfielder Armando Marsans.²⁵ Unlike Bellan before them, Almeida and Marsans had been scouted and signed directly out of Cuba into the major leagues. The players were trailblazers for future Latin players in the United States. Interestingly enough, Marsans had a contract dispute with the Reds after two seasons. According to author Adrian Burgos, "knowing his worth as a talented player after two solid big-league seasons, Marsans held out for a contract that would pay him what a North American player earned."²⁶ The Reds refused to

²² Ibid, 90.

²³ "Negro League Baseball Museum, eMuseum"
<http://coe.k-state.edu/annex/nlbemuseum/glossary.html>

²⁴ Burgos Jr., *Playing America's game*, 97.

²⁵ Bjarkman, *Diamonds Around the Globe; The Encyclopedia of International Baseball* (Westport, CN: Greenwood Press, 2005) xxiii.

²⁶ Burgos Jr., *Playing America's game*, 102.

concede to his salary demands and Marsans signed with St. Louis in the Federal League,²⁷ which had started in 1912 as a rival professional baseball league. It had success luring players away from the majors mainly because it offered higher salaries. Joe Tinker from Cincinnati was the first MLB player to switch sides and sign with a Federal team in January 1914, doubling his salary in the process.²⁸ This is significant for the history of player negotiations and also Latin players' salaries. Marsans leveraged his offer to negotiate a better deal *more than six decades before free agency* and sought a salary equal to his North American colleagues nearly four decades prior to MLB's integration.

The Federal League had success recruiting players from both the American and National Leagues. Out of the 286 total players who were on Federal League rosters in 1914 and 1915, 172 had experience with the other professional leagues.²⁹ After 1915, the Federal League struggled financially and came to an agreement with the National League which allowed for the reinstatement of players who had switched to the Federal League, compensation to Federal League owners and withdrawal of the Federal League anti-trust suit against organized baseball.

Only light-skinned Latin Americans were signed (passing as white), often ignoring Cuba's best players like José Mendez, the "Black Diamond" whom Hall of Fame third baseman John J. McGraw "considered a fair rival to his own crack

²⁷ Ibid, 102.

²⁸ Emil Rothe, "Was the Federal League a Major League?" (SABR: Research Journals Archive), no post date <http://research.sabr.org/journals/federal-league-a-major-league>

²⁹ Ibid.

ace Christy Mathewson.”³⁰ Light skinned players like Cuban born Adolfo Luque did well. He broke into the majors full time in 1918 with the Boston Braves, pitching the first ever shutout by a Latin major leaguer.³¹ Luque had a spectacular career, amassing 193 wins— one season with 27 victories— and being admitted to the Hall of Fame.³²

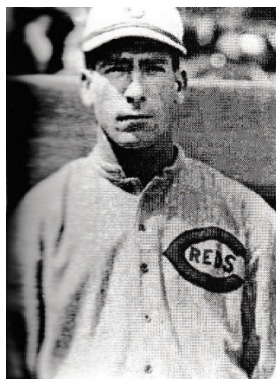


Photo 1: Dolf Luque circa 1925

Source: *Baseball with a Latin Beat; A History of the Latin American Game*
Peter C. Bjarkman

Clark Griffith was the manager of the Cincinnati Reds when they barnstormed Cuba and signed Marsans and Almeida. By 1919, he had become the team president for the Washington Senators. Griffith hired Joe Cambria as a Latin American scout, the first major-league scout in the Caribbean.³³ The partnership of Cambria and Griffith was instrumental in expanding MLB’s market for foreign players. From 1935 to 1945, 40% of Latin American major leaguers debuted as Senators.³⁴ Though baseball was not yet integrated, the game was much more

³⁰ Bjarkman, *Diamonds Around the Globe*, 5

³¹ Michael Oleksak and Mary Adams Oleksak, *Beisbol: Latin Americans and the Grand Old Game*, (Grand Rapids, MI: Masters Press, 1991), 27.

³² Ibid, 28.

³³ Ibid, 151.

³⁴ Ibid, 151.

inclusive than it had been twenty years earlier. Baseball historian Adrian Burgos noted,

Griffith brought Cambria on board to save Washington money. Their agreement called for Cambria to receive a commission for each Cuban prospect who secured a roster spot with either the Senators or one of its minor-league teams. The arrangement gave Cambria incentive to sign as many prospects as possible— the more players who made the grade, the higher his commission. Over the next twenty-five years Cambria signed over four hundred Cubans.³⁵

Cambria is both revered and reviled by baseball historians for his role in scouting in Latin America. He was the pioneer of signing Cubans to the major leagues and over the years he helped hundreds of players as well as expanded the opportunity of the major leagues abroad. However, he was derided for exploiting Cuban players. Cuban journalist Jess Losada deemed Cambria the “Christopher Columbus of baseball,” for his neocolonial approach.³⁶ Cambria was using the economic and cultural pressures available to him to persuade Latin Americans to sign with the Senators, still some American journalists opposed the Senators’ new Latin American signing strategy. Shirley Povich of the *Washington Post* explained Cambria’s reasoning as, “he has learned that in Cuba ball players can be had cheaply. He clinks a few pesos in their ears and they put their marks on a contract.”³⁷

Cambria’s approach nevertheless aided the major leagues to be more inclusive, years before Jackie Robinson broke the color barrier in 1947. Other American major-league teams had yet to scout internationally. According to

³⁵Burgos Jr., *Playing America’s Game*,151.

³⁶ Ibid, 152.

³⁷ Ibid, 153.

Ruben Amaro, former scouting director and current general manager for the Philadelphia Phillies, “Cambria had Cuba all to himself, so the Washington Senators monopolized the talent. All these kids were desperate to sign.”³⁸ Without competition, the Senators took advantage of the market. Cambria first signed Roberto Estalella as a major leaguer in 1935. The economic dividends to Cambria and the Senators were enormous. Cambria received \$10,000 for delivering the contract, the Senators got an inexpensive major-league-ready third baseman without paying Estalella a signing bonus.³⁹ Cambria’s scouting approach transformed baseball into an international game. Playing games abroad, also known as barnstorming, as was done in Cuba, raised excitement for the game in foreign countries. Signing foreign players who excelled at the highest level increased the sport’s popularity both at home and abroad, translated into increased ticket sales, and later increased television viewership and revenues. By the early 1950s (after MLB integration), the number of Latin American players increased, with more than half being Cuban. For the first time in MLB history, other countries such as the Dominican Republic and Venezuela were also represented.⁴⁰

Aside from scouting in Cuba for over 25 years, Cambria also signed the first Nicaraguan (Gilberto Hooker) and Venezuelan (Alex Carrasquel) to play as major leaguers. Cambria’s legacy in baseball is controversial, but it is monumental. His signings did not lead the Washington Senators to on field success; still thousands of foreign players had the opportunity to play in MLB because of his foresight. Griffith and Cambria were unconventional and creative

³⁸ Oleksak, *Beisbol: Latin Americans and the Grand Old Game*, 43-44.

³⁹ Burgos Jr., *Playing America’s Game*, 153.

⁴⁰ Ibid, 385.

in building the team, and most importantly they challenged the color and language barriers. Nonetheless, it is generally accepted among sports historians and baseball personnel that MLB began Latin American recruitment for economic reasons: they could be signed for much less.

Cuban teams dominated international play during the first years of the Caribbean World Series. Created in 1948, the Caribbean World Series included Puerto Rico, Cuba, Panama and Venezuela. The tournament allowed the best professional players from their respective home countries to showcase their skills. In the 12 years of the Caribbean World Series, Cuba won 51 of 71 games for a .718 average, took seven of the 12 titles, and was undefeated in three of the 12

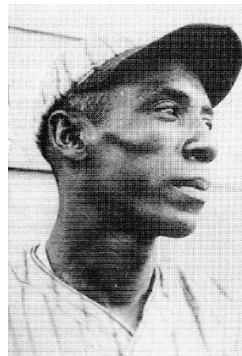


Photo 2: Jose Mendez, El Diamante Negro/The Black Diamond
Source: *Diamonds Around the Globe; The Encyclopedia of International Baseball*
Peter C. Bjarkman

tournaments.⁴¹ From 1900 to 1950, there were 53 Latin Americans who signed with the major leagues. 45 were Cubans.⁴² By the 1950s, other major league teams took notice of the Senators' strategy. Starting in the 1960s, the percentage of Cubans signed (compared to other Latin Americans) declined considerably due to the new Cuban government and the resulting American embargo. Teams

⁴¹ Oleksak, *Beisbol: Latin Americans and the Grand Old Game*, 76.

⁴² Bjarkman, *Baseball with a Latin Beat*, 385.

shifted their Latin American recruitment to other nations. Even so, Cuba has continued playing baseball with its own professional leagues and the sport is that country's pastime. In international play, the Cubans have continued to show their prowess. By 2004, the Cuban team had won eleven gold medals in the Pan American Games, while the Americans, Dominican and Venezuelans had just won once each.⁴³ In the five years that baseball was an official Olympic sport (1992-2008), Cuba won 3 gold medals and two silver medals. In comparison, the U.S. won 1 gold medal and no silver medals.⁴⁴

Mexico

Baseball was first played in Mexico during the late 1870s. By 1887, the Mexico Club was created in Mexico City.⁴⁵ The origins of Mexican baseball remain disputed, but there are two events that are documented. One, is "sailors from an American ship (the *Montana*) docked at Guaymas in 1877 and staged a baseball contest witnessed by local residents."⁴⁶ A second account also from 1877, names an American foreman, Johnny Tyson, who while constructing railroads in Nuevo Laredo near the Texas border, taught the game to Mexican day-laborers and organized teams.⁴⁷

Professional baseball in Mexico began in 1925.⁴⁸ The first 15 years of professional baseball were dominated by five teams that barnstormed in the

⁴³ Bjarkman, *Diamonds Around the Globe*, 26.

⁴⁴ "Official Olympic Games Results", no post date. <http://www.olympic.org/olympic-results>

⁴⁵ Bjarkman, *Diamonds Around the Globe*, 527.

⁴⁶ Ibid, 267.

⁴⁷ Ibid, 267.

⁴⁸ Ibid, 269.

United States and Cuba, similar to Puerto Rico and Cuba's early baseball history.⁴⁹ In 1940, Jorge Pasquel bought the Mexican League and began an ambitious plan to increase the Mexican gate by recruiting top American players from MLB. In order to successfully recruit American players from MLB, Pasquel had to offer inflated salaries. He offered contracts to Ted Williams and Joe DiMaggio, multiyear deals for more than \$100,000 a year (roughly double what their teams were paying them in 1946).⁵⁰ Although no future hall of famers signed with the Mexican League, Pasquel did sign the 1945 American League home run leader Vern Stephens and 17 other major league players as well as some minor leaguers.⁵¹

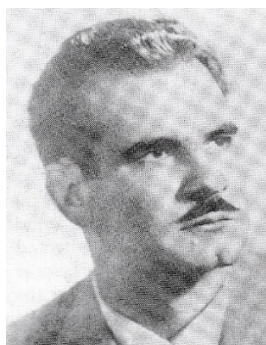


Photo 3: Jorge Pasquel

Source: *Diamonds Around the Globe; The Encyclopedia of International Baseball*
Peter C. Bjarkman

The signings and the huge salaries irked American team owners. At the time, there was no free agency and the reserve clause (described in Chapter 3) was still in effect. The MLB owners publically ridiculed Pasquel and threatened

⁴⁹ Ibid, 270.

⁵⁰ Rob Ruck, *Raceball: How the Major Leagues Colonized the Black and Latin Game* (Boston: Beacon Press, 2011), 122.

⁵¹ Ibid, 122.

MLB players with suspensions upon their return if they stayed in Mexico.⁵² Pasquel was ahead of his time and future players are indebted to him for his contributions to players' salaries and movement. Before his challenge to MLB's worldwide monopoly on the sport, all players were available for the Americans to sign. Pasquel put it best when he spoke about Mexican players being signed by the MLB, "Those days are gone forever. Now, it's every man for himself and players looking for bigger salaries will come to the Mexican League, instead of shunning us for attractive major league offers from the past."⁵³ Though his ambitious idea ultimately failed, in 1949 Jorge Pasquel forced MLB to agree that neither league would poach from the other. This agreement separated Mexico from other baseball producing foreign countries, by elevating its negotiating position. Pasquel forever changed MLB players' perspectives on salaries. He promoted the idea of free agency and much higher salaries decades before those changes occurred.

Pasquel's raids on American MLB players subsequently led to the 1955 agreement by which the Mexican League became part of the of the US minor league system.⁵⁴ Though the Mexican League is a AA league, it has "considerably more freedom than US and Canadian... or Caribbean winter leagues."⁵⁵ Players in the Liga Mexicana de Beisbol (LMB) have a more rigid relationship between player and owner. Under the agreement,

A Mexican player who wishes to play in the US or Canadian major or minor leagues can only do so if his contract is

⁵²Ibid, 128.

⁵³ Ibid, 127.

⁵⁴ Bruce Meyer and Aaron Wise, *International Sports Law and Business*, Volume 2, 1997, 932.

⁵⁵ Ibid, 932.

acquired from a MexL [Mexican League] (summer league) team (thus, unlike Puerto Rico, Dominican Republic, and Venezuela, Mexican players cannot be freely recruited and signed by ML scouts); and (2) any Mexican player who is “free agent” *vis-à-vis* US/Canadian clubs and who desires to return to play in Mexico can only do so with the MexL club that originally assigned him to the US or Canada, since MexL clubs retain “rights of return” as to those players unless the MexL team concerned has sold or traded those rights.⁵⁶

The Mexican League’s agreement is similar to the original reserve clause (which will be discussed in more detail in chapter three). Unlike players from other Latin American countries, MLB teams have to reimburse the player’s Mexican League team. Usually, “prices asked are often high enough to make up for lost future revenue.”⁵⁷ This process has severely limited the number of Mexican major leaguers.

Mexico’s agreement with MLB has kept Mexican players in the Mexican League and deterred MLB organizations from scouting, developing, and signing them. The LMB has developed a system of organized, professional baseball very similar to the MLB’s blueprint. There is a sixteen-team league, divided evenly into north and south divisions.⁵⁸ There are also two rookie leagues, the Liga del Norte de Mexico and Liga del Norte Sonora,⁵⁹ which serve as minor leagues for the sixteen teams of the LMB. Mexico has both a winter and summer professional league, but unlike Venezuela or the Dominican Republic, the winter league is less important as there are fewer MLB players who go to Mexico to play

⁵⁶ Ibid, 932-933.

⁵⁷ Ibid, 933.

⁵⁸ Alan M. Klein, *Baseball on the Border: A Tale of Two Laredos*, (Princeton: Princeton University Press, 1997), 118.

⁵⁹ Nathaly Morga-Oregel, “The Mexican League Doesn’t Respect Contracts,” *The Hardball Times*, June 25, 2014, <http://www.hardballtimes.com/the-mexican-league-doesnt-respect-contracts/>.

during the MLB offseason.⁶⁰ However, the winter league still fields eight clubs who play a 68 game regular season schedule from October to December.⁶¹

Similar to other countries in Latin America,

An amateur draft, like [that] held in the United States, is something that is nonexistent in Mexico. Actually, scouts never seek talent in high schools or colleges due to the lack of baseball teams in schools. In Mexico, baseball is played through “weekend leagues” in which kids and adults alike play for the fun of the sport. It is in the “weekend leagues” where Liga Mexicana de Beisbol (LMB) scouts look to find talent.⁶²

Mexican League teams understood the value of creating academies to further instruct and develop players at a young age. In 1983, an academy was built in Pasteje, north of Mexico City at the behest of a team owner, Alejo Peralta.⁶³ Pasteje was a centrally operated academy that produced players for all LMB teams who could later draft them.⁶⁴ After a fire destroyed the academy, a new facility was built in 1995. Located fifty miles outside of the large city of Monterey, the Centro de Desarrollo del Beisbol Mexicano (Center for the Development of Mexican Baseball) became the new league academy. Recently, there have been more academies built by Mexican entrepreneurs.

In Oaxaca in 2009, “the billionaire Alfredo Harp Helú opened [a] baseball academy, La Academia de Béisbol Alfredo Harp Helú.”⁶⁵ The private academy

⁶⁰ Meyer and Wise, *International Sports Law and Business*, 926.

⁶¹ Joe Connor, “Welcome to Mexico” January 18, 2006, <http://espn.go.com/mlb/worldclassic2006/news/story?id=2291508>

⁶² Nathaly Morga- Oregel, “The Mexican League Doesn’t Respect Contracts,”

⁶³ Alan M. Klein. *Baseball on the Border*, 118

⁶⁴ Ibid.

⁶⁵ Matt Krupnick, “A Baseball Academy in a Talent-Poor Part of Mexico,” *New York Times*, May 25, 2013, http://www.nytimes.com/2013/05/26/sports/baseball/a-baseball-academy-in-a-talent-poor-part-of-mexico.html?_r=1

sends its players mostly to the owners' two Mexican League teams, Mexico City's Diablo Rojos and the Oaxaca Guerreros as well as to the LMB academy in Monterey.⁶⁶ Roberto Osuna, a pitching prospect, is now on the Toronto Blue Jays and a few others are in Dominican MLB academies, showing the potential success of the academy system of player development. The academy scouts over 2,000 players across Mexico and enrolls them from all states to train. Forty-five players train at a time in the academy, which Omar Minaya, Senior Vice President with the San Diego Padres called, "the No. 1 academy in Latin America."⁶⁷

Puerto Rico

Baseball was first played in Puerto Rico in 1898, after a Spanish diplomat who had learned the game in Cuba brought it to the island.⁶⁸ American military personnel also played the game and continued to introduce it to Puerto Ricans.⁶⁹ Similar to Cuba, by 1918 major league teams as well as Negro League and Cuban all-star teams were barnstorming the island.⁷⁰ Their professional league, the PRWL, with a winter season, began in 1940 and has continued since.⁷¹ Few Puerto Ricans played MLB until after 1950.

Puerto Rican players enjoyed great success in the majors from the beginning. Roberto Clemente and Orlando Cepeda who played for the Pittsburgh Pirates and San Francisco Giants respectively, were the first two Puerto Rican hall

⁶⁶ Ibid

⁶⁷ Ibid.

⁶⁸ Bjarkman, *Diamonds Around the Globe*, 528.

⁶⁹ George Gmelch, *Baseball Without Borders, The International Pastime*, (Lincoln NE: University of Nebraska Press), 2006, 162.

⁷⁰ Ibid, 162.

⁷¹ Bjarkman, *Diamonds Around the Globe*, 233.

of famers.⁷² During the 1960s and 1970s Puerto Rico supplied the major leagues with the most Latin American players. In the 1960s, 1980s, and 1990s they produced the second most foreign major leaguers.⁷³

Puerto Rico (a U.S. territory) has had two drastically different experiences during the last century's relationship with MLB. As has been shown, Puerto Rico has been one of the leaders in foreign-born signees. Up until the late 1980s, Puerto Rico was similar to the other Latin American countries producing baseball players. Similar to Joe Cambria's relationship with Cuba, the San Diego Padres scout Luis Rosa enjoyed a near monopoly on signing Puerto Rican talent in the 1980s. Rosa used his Puerto Rican background and charm to become the preferred major league scout on the island.⁷⁴ Rosa's success was meteoric: he signed Benito Santiago, Carlos Baerga, Robby Alomar and Sandy Alomar Jr.⁷⁵ The Padres also made their first World Series appearance in 1984. Other organizations took notice.

In 1990, however, Puerto Rico was added to the first-year player draft, which also includes players from the United States and Canada. Because teams could no longer sign players directly from the island, they did not need to invest in developing talent there. Since the academy system operates under the sponsorship of individual organizations, it would not be prudent for teams to invest in player training if the player could then be drafted and signed by another team. Puerto Rico had 135 native-born players debut in the majors through

⁷² Ibid, 244.

⁷³ Bjarkman, *Baseball with a Latin Beat*, 385.

⁷⁴ Breton and Villegas, *Away Games*, 44.

⁷⁵ Ibid, 45.

1990.⁷⁶ Since 1991, there have been 100 Puerto Rican players to debut.⁷⁷ Compared to other Latin American countries in the same time period of 1990-2015, Puerto Rico has declined as a center of player recruitment and production.

Dominican Republic

After the Spanish government left the Dominican Republic in 1865, the again independent country sought to modernize and expand the sugar trade.⁷⁸ To obtain the capital needed to boost sugar production, the Dominican government invited foreign investment. As a result, “by 1900 the San Domingo Improvement Company, owned by the United States, was so diversified and the Dominican government was so indebted to it that the company took over the administration of the national customs revenues as security for its loans to the government.”⁷⁹ As Dominican debts grew, the government increased taxation, further damaging the local economy and driving small farmers off of their land. As the Dominican economy faltered, the government failed to make foreign debt payments and in 1916 the United States invaded, occupying the Customs Houses (to insure payment). U.S. Marines continued occupation until 1924, collecting tax revenue and implementing changes to the government that better suited American interests.

In 1930, the Dominican Republic elected President Rafael Trujillo. Trujillo is remembered as a violent, sadistic dictator who used the office to enrich

⁷⁶ Bjarkman, *Baseball with a Latin Beat*, 385.

⁷⁷ “Players by birthplace: Puerto Rico Baseball Stats and Info,” http://www.baseball-reference.com/bio/P-R-_born.shtml

⁷⁸ Klein, *Sugarball*, 11.

⁷⁹ *Ibid*, 12.

himself and his family. He was, like most Dominicans, an ardent baseball fan. Trujillo invited the Reds to visit and play exhibition games and in 1937, created a national tournament between the best players. Trujillo even recruited top Cuban and American Negro League stars such as Satchel Paige, Martin Dihigo and Josh Gibson (Latin American nations did not have legal segregation although class and race were often related).⁸⁰ Aside from this international tournament, Dominican baseball did not expand as hoped.

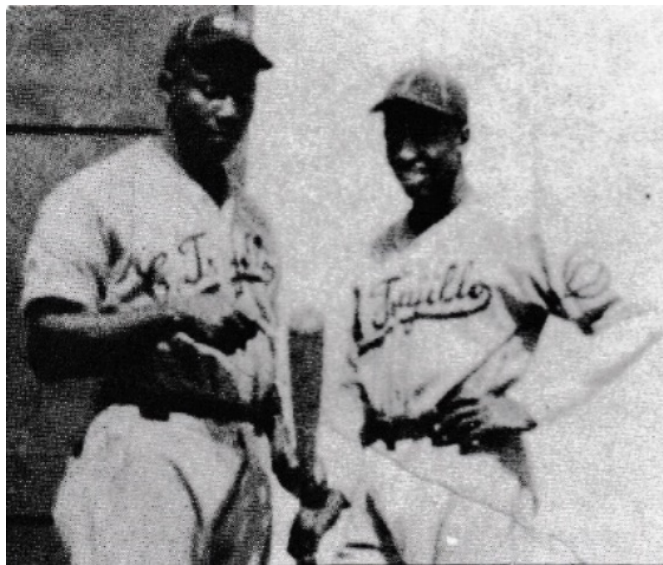


Photo 4: James “Cool Papa” Bell and Josh Gibson in Dominican uniform for 1937 tournament

Source: *The Tropic of Baseball; Baseball in the Dominican Republic*, Rob Ruck

Unlike the Cubans, no Dominicans played in the major leagues before Ozzie Virgil in 1956. Part of this was due to a lack of training. Sugar refineries ran a semi-pro league with employees.⁸¹ In 1955, Trujillo moved the baseball season to the winter, allowing players to play in the United States and return

⁸⁰ Oleksak, *Beisbol: Latin Americans and the Grand Old Game*, 39.

⁸¹ Ibid, 8.

home to play ball. The move also allowed Dominican teams to sign major league players for their short season. Trujillo's brother-in-law's team, Escogido, had the best talent with great players like Juan Marichal and Felipe Alou.⁸²

Trujillo also placed his son in charge of negotiating between Dominican players and MLB.⁸³ The men responsible for signing the first two young prospects, Alou and Marichal, were San Francisco Giants' scout Alex Pompez and University of Santo Domingo coach Horacio Martinez.⁸⁴ Due to the change in the Dominican season schedule and MLB's integration in 1947, more Dominicans were signed.

Following the pioneer Washington Senators, the New York Giants increased Latin American recruitment in the latter part of the 1950s. Alex Pompez, used his background to gain the trust of prospects. A Cuban-American entrepreneur, he had a long MLB history. In the 1920s, he owned and managed the Cuban Stars, a Negro League team and he created a new Negro League team, the New York Cubans in the 1930s.⁸⁵

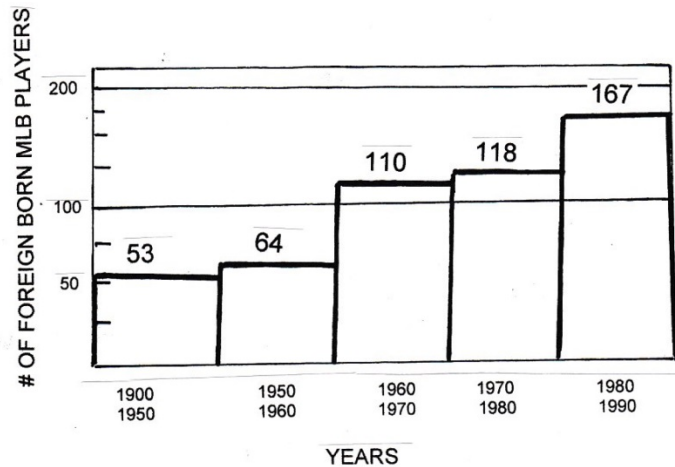
In the 1970s, the Toronto Blue Jays and Los Angeles Dodgers invested in the Dominican Republic and the number of Dominicans signed increased. Almost as many players made it to the major leagues as from Puerto Rico. This increase continued as academies were created (See Graph 1). The Dominican Republic benefitted greatly from MLB integration, which was an even larger impediment to their participation than Trujillo and the Dominican Professional League.

⁸² Ibid, 78.

⁸³ Ibid, 78.

⁸⁴ Ibid, 79.

⁸⁵ James A. Riley, *The Biographical Encyclopedia of the Negro Baseball Leagues*, New York: Carroll & Graf Publishers, Inc., 1994. <http://coe.k-state.edu/annex/nlbemuseum/history/players/pompez.html>



Graph 1: Number of Foreign Born MLB Players by Decade 1900-1990

Source: *Baseball with a Latin Beat; A History of the Latin American Game*, Peter C. Bjarkman.

Baseball is an especially contentious labor issue in the Dominican Republic because of the country's history with the United States. Not only did American troops invade in 1916 and again in 1965, but U.S. companies have owned and controlled most of the Dominican Republic. The economy was dominated by the sugar industry. Wages were meager and since the majority of the population worked at unskilled, manual labor, baseball became a refuge. The game was revered on the island and the absolute pinnacle for a young Dominican ballplayer was to make it to the major leagues in the United States.

This was and is true for many foreign born players: the dream to play in the United States, succeed, and make their home country proud. For Dominicans, the motivation is more personal. They have a saying on the island that the Dominicans have to “quitarle la comida,” which translates to take their food away from them. This can be credited to foreign players having to out-work American counterparts to take their jobs, but the saying could also evoke a deeper ethos. For

the average Dominican man, baseball is the one profession by which he can dominate Americans.

Some writers such as Alan Klein, see MLB as equivalent to any other corporation that will use resources (players) to maximize profit. While true, it is an economic advantage to sign and develop players in the Dominican Republic. The increase in Latin American recruitment is also due to MLB's investment during the last three decades.

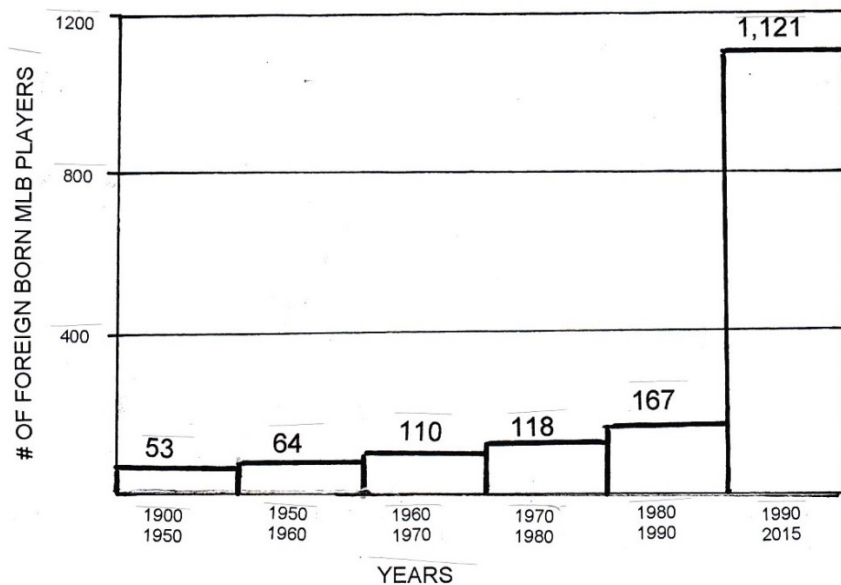
According to Baseball Reference, of the 18,591 in MLB all time, 2,254 were foreign born.⁸⁶ ⁸⁷ Looking at those numbers, it becomes apparent that foreign players are a large part of MLB's history. 12.12% of all its players have been born outside the United States. Out of those 2,254 foreign born players, Puerto Rico has provided 253 players and Canada 244 players, though many have come through the same draft as U.S. born players. The Dominican Republic has by far the highest number of players who have made it to the majors with 642. Second is Venezuela with 341 players. Other notable countries with more than a hundred players are Cuba with 193 and Mexico with 118 (See Appendix 1 for a complete listing by nation and decade).⁸⁸

As noted in Graph 2, the number of foreign players in MLB between 1990 and 2015 was 1,121. This represents a 671% increase from those who played between 1980 and 1990. Of the 2015 MLB debuting players (see Graph 3), nearly half were from the Dominican Republic.

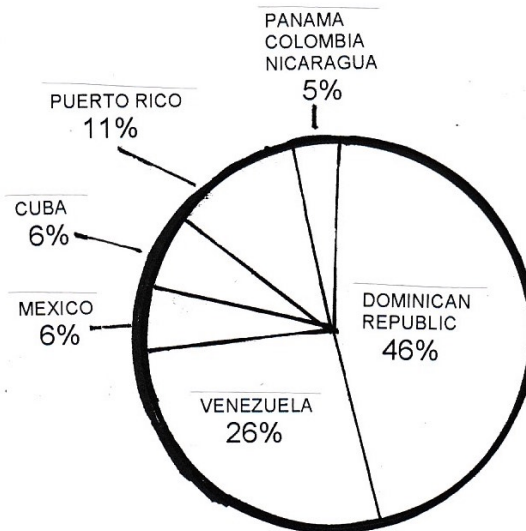
⁸⁶ "Players by Place of Birth" <http://www.baseball-reference.com/bio/>

⁸⁷ There are also 72 players born in the nineteenth century listed with unknown country of birth record.

⁸⁸ "Players by Place of Birth" <http://www.baseball-reference.com/bio/>



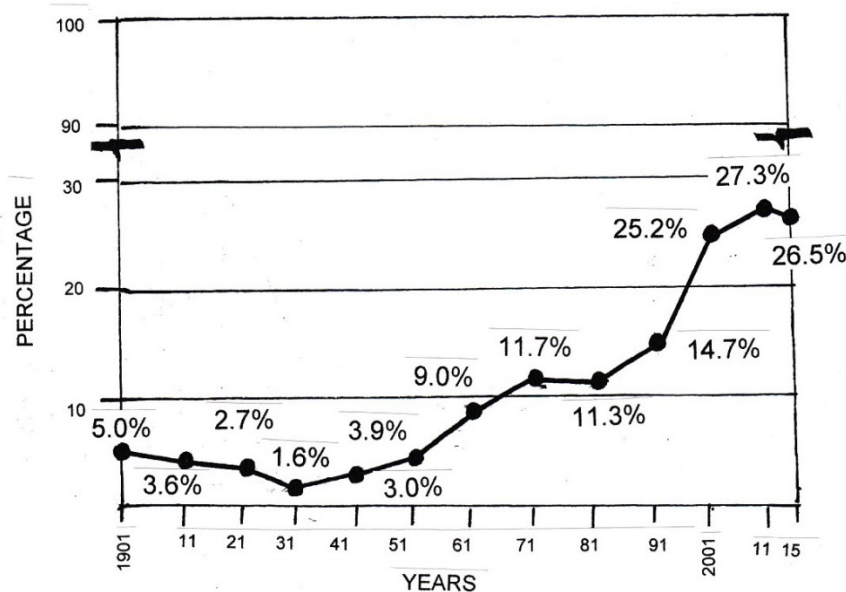
Graph 2: Number of Foreign Born MLB Players for Selected Years
Source: Baseball with a Latin American Beat; A History of the Latin American Game,
Peter C. Bjarkman
Baseballreference.com/bio



Graph 3: Percentage of Latin American MLB Players by Country of Origin 1990-2015
Source: Baseballreference.com

Prior to the Great Depression the percentage of foreign born players in MLB fluctuated between 3-5%. During the Great Depression the number of

foreign born players dropped to 1.6%. Once MLB integrated the number of foreign born players rose to 9% and has consistently risen since then. In 2015 more than one quarter of all Major League players were foreign born (See Graph 4). MLB has expanded the league over the past century. In 1960 there were a total of 16 teams, by 1998 there were 30 franchises.⁸⁹ Though the number of total major leaguers has almost doubled in the last fifty years, the proportion of foreign born players in addition to the number has risen drastically.



Graph 4: Percentage of Foreign Born MLB Players 1901-2015

Source: "The Rise of Foreign-Born Baseball Players Has Stopped," Cork Gaines, mlbreference.com/bio

As is evident, foreign player participation skyrocketed in the last quarter of the twentieth century. These countries set up their own professional leagues, developed their own style of play, and faced off against international competition. Cuba was the first large baseball producing foreign country in the first half of the

⁸⁹ Cox and Skidmore-Hess, *Free Agency and Competitive Balance in Baseball*, 29.

20 century. Mexico became a player next, because of Jorge Pasquel's recruitment of major league Americans in the 1940 for the Mexican League. Puerto Rico and The Dominican Republic had baseball just as long and began producing MLB players in the 1940s and 1950s. Each country's political and economic systems were factors in MLB's business approach and expansion into Latin America.

CHAPTER TWO

AMERICAN FARM LEAGUES AND DOMINICAN ACADEMIES

Once Latin American players had MLB success, teams understood that other nations had the capability to produce more MLB caliber players. While Joe Cambria had begun the “Latin players on the cheap” approach of signing Cubans, the Senators had not improved on the field by creating a factory for production abroad to further improve their newly signed players’ skills. The evolution of development and training of Latin American players by MLB marked an enormous change for the game. This colonial outpost was the first sign of globalization by MLB. The Latin American signing and training strategy was not honed by MLB teams on a massive scale until the 1980s, but the roots of the system preceded that by more than fifty years.

American Farm Leagues

The baseball academy traces its roots to the American farm leagues. Branch Rickey of the Cardinals began the first farm system sometime after 1919 when he became the team’s general manager. It has been defined as “direct

control of minor-league teams by the major-league parent organization, creating a production line of talent.”⁹⁰ Its goal was to save the organization money. If Rickey could train and prepare young players who were not signed by other teams, then he could have a financial advantage in player production. The Cardinals bought teams in Houston and Fort Smith, and twenty years later controlled 32 minor-league teams with around 650 players.⁹¹ This innovative new system of player development was not only cost-effective but it reaped an immediate benefit: wins. The Cardinals won nine National League pennants between 1926 and 1946.⁹² In fact, the Cardinals controlled so much talent that they were able to sell their players to other teams, reaping additional profit. This success was partially due to Rickey’s control over players and their salaries. Rickey used a tactic called a desk contract to further improve his profit margin.⁹³ The desk contract was a way to tentatively sign a player after a tryout, send him to a minor-league affiliate and then cut him at will, essentially a non-binding agreement.

Baseball, thanks to Branch Rickey's innovation of the farm system, has an expansive system of affiliated minor league baseball teams. The minor league teams were originally deemed “farm clubs” because the players would *grow and ripen* before being ready for the majors. Aside from the 25 men on the active roster of a major league team, there are six minor leagues with players signed by that team. These include triple A, double A, single A (high and low), short season

⁹⁰ Kevin Kerrane, *Dollar Sign on the Muscle* (Lexington: Prospectus Entertainment Ventures, LLC, 1984), 7.

⁹¹ Ibid, 8.

⁹² Ibid, 8.

⁹³ Ibid, 10.

A, and rookie ball. With 25 players a team, that equates to 175 players per organization. The additional players' salaries raises the cost of the team's overall payroll, but the system ultimately benefits the owners by spreading out their investments, maximizing the chances of success.

Another aspect of Rickey's minor league system changed scouting, signing and player development: the concept of "quality out of quantity."⁹⁴ Instead of signing top players who teams felt were ready to contribute immediately (and who competitors would surely compete for), the Cardinals looked for potential in their signees. They were willing to invest the money and time it would take to develop these players. This strategy changed scouting forever and it also set the groundwork for how teams would scout and sign foreign Latin American players. Rickey hosted tryout camps to discover prospects. His emphasis was on all around athleticism, most importantly running speed as opposed to expertise in the field or at the plate. This became the model for Dominican academies.



Photo 5: Branch Rickey
Source: baseballsacramento.com

⁹⁴ Ibid, 8.

Buscones

Buscones, literally means “searchers,” in Spanish. However, in baseball it also means player developers.⁹⁵ Baseball historian Alan Klein writes that, “The term is derived from the Spanish word *buscar* (to search for) and refers to the search, in this case, for baseball talent.”⁹⁶ The *buscon* searches the country for athletic youngsters. If the parents agree, the *buscon* takes the child to a baseball camp where he will be fed and housed for the better part of three or four years while learning to play baseball. These trainers are essential to the system of player development in the Dominican Republic. For players under the MLB signing age of seventeen, these *buscones* help youngsters develop both their bodies and their baseball skills in hopes of signing with a MLB team in the future. Klein’s work is the most in-depth study of the Dominican baseball market in the 1980s. He explains why the history and culture of the country have contributed to success in baseball, and also its exploitation. Klein uses the global commodity chain model to better explain the specific relationship between Dominican players and MLB:

As “labor”, ‘baseball players’ are unique in three very important ways: (1) They are both the commodity being produced and the producer of the commodity; (2) they constitute a radical departure from conventional views of Third World labor in that foreign labor is typically characterized as abundant, unskilled, and cheap, but Dominican players are the converse (i.e., relatively rare, skilled and very well paid); and (3) the commodities that typically are considered in these kinds of analyses are not human beings.⁹⁷

Many writers in the United States and employees of MLB have demonized *buscones*. They accuse *buscones* of taking advantage of the players, whether it is

⁹⁵ Klein, *Dominican Baseball: New Pride, Old Prejudice*, 70.

⁹⁶ *Ibid*, 69.

⁹⁷ *Ibid*, 19.

because they take too large a portion of the player's bonus, sign players who are too young, or because they manipulate children and MLB by fraud, falsifying birth records, assuming other people's identities and even through the use of performance enhancing drugs. Steve Fainaru of the *Washington Post* calls the *buscones* system "a breeding ground for exploitation and corruption."⁹⁸ At a Dominican academy tryout, Alan Klein interviewed an anonymous director of international scouting for a major league team about a player negotiation with a *buscon*:

I'm not giving in to that little pimp! That's all they are. They're throwing figures around and think we're gonna jump at 'em. [The player] wants \$1 million? What kind of horseshit number is that? We'll decide what the number will be, not them. Hell, most of these guys don't have a clue how to prepare these guys. We'll make an offer based on what we think of the market and be prepared to walk away from it.⁹⁹



Photo 6: *Buscon* Astin Jacobo Jr.

Source: espn.go.com

The Dominican perspective on *buscones* is very different. They acknowledge the poor examples but understand the benefits to the island. Alan

⁹⁸ Steve Fainaru, "The Business of Building Ballplayers, In Dominican Republic, Scouts Find the Talent and Take the Money", *Washington Post*, June, 17, 2001, <http://www.latinamericanstudies.org/sports/dominican-ballplayers.htm>

⁹⁹ Klein, *Dominican Baseball*, 75.

Klein interviewed some of the Dominican directors of MLB academies about *buscones*. They observed:

I hate to admit it, [but the *buscon* system] really does work in [the players'] favor... We've got kids thirteen years old, fourteen years old, with talent. [The *buscones*] feed them, give them some better instruction, give them a chance to develop every day. If you go back to the old system, nobody would discover them, [and] nobody would help them.¹⁰⁰

There are important differences between *buscones* and scouts and/or agents in the United States. While scouts are MLB employees merely searching for talent and agents work directly for that talent, *buscones* are self-employed. They search for talent, develop it and try to sell that talent to a MLB team, keeping a portion of the signing bonus as their fee. *Buscones* generally keep a higher percentage of the player's signing bonus than American agents. Samuel Herrera, a Dominican *buscon* "succeeded in getting one of his players signed to a significant \$400,000 contract, for which his commission was \$100,000."¹⁰¹



Map 2: MLB Players by Country of Origin 1950-1990

Source: *Viva Baseball! Latin Major Leaguers and Their Special Hunger* Samuel O. Regalado

¹⁰⁰ Ibid, 76.

¹⁰¹ Klein, *Dominican Baseball*, 83.

This 25% commission is standard in the Dominican Republic for *buscones* and player trainers. Astin Jacobo, a noted Dominican *buscon*, explained that “these certified agents like Rob Plummer or even bigger guys like Scott Boras... can get your players the most money... and they get a 5 percent cut of the 30 percent I might make.”¹⁰² Obviously the amount of money the *buscones* invest in the players is substantial and has to be taken into account when considering their commissions. Feeding, maybe housing, and training a teenage boy is costly, and since *buscones* do not have all their players sign, they are never paid for their investment in most.

As demonstrated by the number of Dominican players signed to the MLB between 1950 and 1990, the Dominican academy system and *buscones* resulted in an increasing number of major leaguers (See map 2).

Howie Haak, was one of the pioneering MLB scouts in Latin America. He helped scout and sign players for the Pittsburgh Pirates from the 1940s through the 1970s.¹⁰³ Haak was hired by Branch Rickey, who had taken over as Vice President and General Manager for the Pirates in 1950 after leaving the Dodgers. Haak scouted Roberto Clemente and persuaded Rickey to sign him away from the Dodgers who had assigned him to the minor leagues. This success pushed Rickey and Haak to continue searching for Latin American ballplayers. Haak started in Puerto Rico, Cuba and then the Dominican Republic. By 1973, he had “native bird dogs” [scouts] in those countries as well as Panama, Venezuela, Colombia,

¹⁰² Ibid, 89.

¹⁰³ Frank Deford, “Liege Lord of Latin Hopes”, *Sports Illustrated*, December 24, 1973.

Nicaragua, and the Virgin Islands.¹⁰⁴ One of the reasons the Pirates scouted Latin America so hard was that they were struggling financially and could not compete with larger market teams.¹⁰⁵ Even in 1973, top North American players were receiving signing bonuses of \$100,000 while Caribbean players got no more than \$20,000 and most were given around \$1,000.¹⁰⁶ The Pirates also made money from Latin American players by trading or selling them once they had shown promise. Haak and Rickey helped rebuild the Pirates, who were last in the National League in 1950. Rickey retired in 1954, but helped establish his legendary scouting and minor league systems which led to the Pirates being one of the most successful teams of the 1960s and 1970s.

Toronto Blue Jays' Academy

As explained in the next chapter, salaries for major league players have increased exponentially. The rise in salaries for North American players led to MLB seeking even more Latin Americans, because their signing bonuses were much cheaper. As an example of this trend, in the 1970s, the Toronto Blue Jays hired former Dominican big leaguer Epy Guerrero as a scout, who was instrumental in building the first baseball academy in the Dominican Republic. Academies were defined by writers as “glorified dormitories surrounded by practice fields where young men would be drilled in baseball fundamentals.”¹⁰⁷ Academies also offered teams a cheaper method to further train and improve

¹⁰⁴ Ibid.

¹⁰⁵ Ibid.

¹⁰⁶ Ibid.

¹⁰⁷ Breton and Villegas, *Away Games*, 41.

ballplayer's skills. For example, the Philadelphia Phillies in 1981 spent on average \$25,000 developing their Latin American prospects compared to \$355,000 for North American players.¹⁰⁸ The staggering difference in cost made it obvious to all teams that it was cost-effective to sign and try to develop players from outside North America.

The Toronto Blue Jays became the first team to not just sign players from Latin America, but also train them in facilities abroad. Early on, these facilities were makeshift. A reporter from Toronto who visited the Blue Jays facility in the Dominican Republic— “El Complejo Epy” as it is called there— described it as “[not] a baseball complex, this is the fuckin heart of darkness.”¹⁰⁹ Though that reporter exaggerated, according to author Gary Joyce the early MLB facilities abroad “would be considered insufficient for even the most deprived U.S. high school baseball program.”¹¹⁰ Though modest, Epy Guerrero's training facility was the first of its kind and would be the model which other major league organizations followed. Bought and developed in 1975, the training camp contained “a full-size ballpark where from September to March, play starts at 9:00 am. From 35 to 40 kids stay there for a week at a time. Adjacent are chicken coops and three acres of vegetables to defray costs.”¹¹¹ Instead of scouting games across the country or having intermittent tryouts, the Blue Jays could bring prospects to them and be able to develop the players. As their Dominican players excelled in the 1980s, the Blue Jays began to see their investment mature.

¹⁰⁸ Burgos Jr., *Playing America's Game*, 232.

¹⁰⁹ Gare Joyce, *The Only Ticket Off the Island: Baseball in the Dominican Republic* (Toronto: McClelland & Stewart, Inc., 1991), 36.

¹¹⁰ Ibid, 43.

¹¹¹ Oleksak, *Beisbol: Latin Americans and the Grand Old Game*, 186.

American League MVP George Bell (1987), All Star shortstop Tony Fernandez and co-rookie of the year Alfredo Griffin (1979) were all Dominican signees.¹¹²

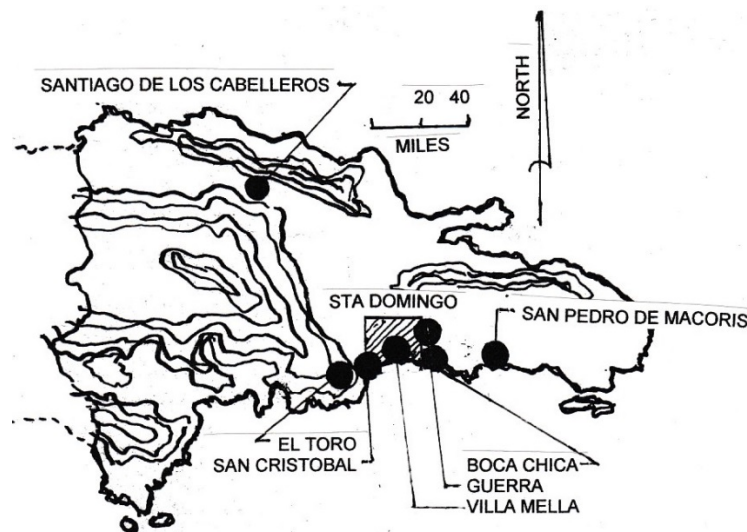
Los Angeles Dodgers' Academy

In the 1980s, the Los Angeles Dodgers were the first team to invest heavily in Latin American recruiting and established the modern MLB academy. Rafael Avila, a Dodger scout of Cuban descent, sought to create a baseball training camp like Epy Guerrero of the Blue Jays had. When the Dodgers initially refused to invest, Avila and his assistant, Elvio Jimenez, built two extra rooms in Elvio's backyard, furnished them with sixteen beds and had Elvio's wife cook. They created a second Dominican academy. Soon, the Dodgers were convinced to invest in proper facilities for its Dominican outpost, spending \$400,000 for a 50-acre complex and furnishing it with state-of-the-art amenities. The Campo Las Palmas opened in 1987 and boasted, "fifty acres of land that comprises two major league-quality fields, a sparkling complex of dormitories, a cafeteria, and offices framed by tropical farmland that produces much of its own food, Campo Las Palmas employs more than fifty people. As many as forty rookies (mostly Dominican, but some Venezuelans too) are tutored in Dodgers fundamentals."¹¹³ The beautiful complex signaled a first-class organization and helped the Dodgers sign top Dominican prospects. The Dodgers surpassed the Blue Jays as the top producer of Dominican talent in the late 1980s. Most notably, the Dodgers were able to sign and develop José Offerman, Jose Vizcaino, Raul Mondesi, and the brothers Ramón and Pedro Martínez. Pedro made history by becoming just the

¹¹² Breton and Villegas, *Away Games*, 42-43.

¹¹³ Alan M. Klein, *Growing the Game: The Globalization of Major League Baseball* (Binghamton, NY: Vail-Ballou Press, 2006) 77.

second Dominican-born player, after Juan Marichal, to make the MLB Hall of Fame.



Map 3: Location of Dominican Academies 2015

Source: <http://www.mlb.com/academies.jsp>

However, Dominican players experienced problems adjusting to the United States, so teams worked on improving their academies by adding personal development to the curriculum. At the outset, Epy Guerrero's Blue Jays complex had players work out and train for a week, or a few weeks at most. The dormitories were in constant flux as new players came to tryout. This lack of structure and control irked major league teams and scouts. Teams realized they needed to spend more time teaching the rookies not only fundamentals in baseball but also in social skills to better prepare them for life in the United States. According to Oakland Athletics instructor Ron Plaza, "Getting the complex was important because we never had control of these kids before. The only time we had them was on the field. Then they would go home and we'd have lots of problems. We had a couple kids walking around in Santo Domingo one night and

they ended up in jail.”¹¹⁴ Ensuring players were eating well and developing their bodies through weight lifting and exercise was worth the rising costs for teams. Still, the total cost for the land and construction of the Oakland Athletics academy, which opened in May 1994, “was roughly \$1 million, or what the Athletics and other teams spend on the bonus of a single top American prospect.”¹¹⁵ Today, all MLB teams have facilities in the Dominican Republic (See Appendix 2).

Age Limits

Early Dominican scouts roamed the country and signed players at will without minimum salaries or age restrictions. This changed in 1984 when Epy Guerreiro signed shortstop Jimmy Kelly, a talented prospect many teams had scouted, prior to his fourteenth birthday, making him the youngest player ever to sign with an organization.¹¹⁶ This went too far and public outrage about his age forced a change to international signings.¹¹⁷ The Dominican Republic’s President Hugo Blanco issued Presidential Decree 3450 that same year mandating a minimum signing age of seventeen.¹¹⁸ In Puerto Rico, a similar experience forced regulation. Ruben Amaro, director of Latin American scouting for the Philadelphia Phillies signed Jorge Lebron to a contract of \$38,000 in 1975.¹¹⁹ Lebron was only 14 years old, and the negative publicity regarding the move led to Puerto Rico implementing a 16-year-old minimum signing age.

¹¹⁴ Breton and Villegas, *Away Games* 71.

¹¹⁵ Ibid, 71.

¹¹⁶ Joyce, *The Only Ticket Off the Island*, 28.

¹¹⁷ Melissa Segura, “Drafted at 13, How One Player Changed International Signing Rules,” *Sports Illustrated*, July, 2012, <http://www.si.com/more-sports/2012/07/02/jimmy-kelly>

¹¹⁸ Klein, *Dominican Baseball*, 43.

¹¹⁹ Kerrane, *Dollar Sign on the Muscle*, 268.

Player Retention

One major issue with the Dominican academy system is player retention. The first problem is the limited amount of visas available to foreign players. As of 2002, each major league team has 28 visas for foreign players, or 840 visas for all 30 teams.¹²⁰ After these competitive visas have been issued, there are over 2,200 foreign-born minor league players under contract who are left out.¹²¹ Allan Klein examined Dominican players who were signed in the 1970s by major league teams and found, for example, that only three percent of Dodgers signees made it to the major leagues.¹²² As of 2012, only about three percent of the total prospects signed out of the Dominican Republic eventually make it to the majors.¹²³

Because major league organizations had only so many visas and so many spots available on minor league rosters, the rest of the signed, foreign players were left in limbo to the benefit of the teams. In the United States, becoming a professional baseball player is also a longshot, but the process of signing with an organization improves a prospect's chances. According to *Baseball America*, 17.2% of players drafted in the annual amateur draft will reach the major leagues for at least one game.¹²⁴ An American born draftee is nearly six times more likely to make it to the big leagues.

The development of the academy system is paramount to understanding the relationship between MLB and Latin American countries. Its strategy harkens back to Branch Rickey's use of the farm system innovation. Just as his St. Louis

¹²⁰ Fidler and Guevara, *Stealing Lives*, 44.

¹²¹ Ibid, 44.

¹²² Robert F. Lewis III, *Smart Ball, Managing the Myth and Managing the Reality of Major League Baseball* (Jackson, MI: Univ. Press of Mississippi, 2010), 89.

¹²³ Ibid, 89.

¹²⁴ Ibid, 89.

Cardinals teams had great success in the 1930s because of the vast depth of talented players the organization had under contract, the academy system of the Dominican Republic allowed teams a greater chance to sign and develop great players. Therefore, the *buscones* in Latin America have an important role. They are both agent and coach. Their work is essential to help produce talented Dominican players, though their transgressions have been vilified greatly in the United States. Although fraught with many problems, they are necessary and beneficial. The success of Latin American players in the 1950s and 1960s along with the integration of MLB changed baseball. Major league teams began recruiting in more Latin American countries. Many teams were still undecided on how to develop prospects they recruited in Latin America. Teams would not do so until they had an economic incentive.

CHAPTER THREE

REVENUE, SALARIES & DRAFT

When casual baseball fans consider salaries in MLB, they most likely think of the incredible amount that best players earn (such as Alex Rodriguez and his \$252 million-plus contract signed in 2000).¹²⁵ This type of example is nowhere near the reality of most MLB players. Of course, they earn generous pay. But baseball is a business and like any other, the owners will look to increase revenue and control costs; the costs for teams are mostly player salaries. Regardless of what the average fan may think of MLB player salaries, their pay is determined by the market and they earn a fraction of the total revenue earned. Labor negotiations and player salaries have been divisive issues and changed greatly over MLB history. They changed most dramatically between 1966 and 2015. Baseball's labor movement affected teams' player signing and development strategy. This chapter will lay out MLB and the player's union relationship over

¹²⁵ Henry Schulman, "A-Rod Set to Sign with Texas for \$252 Million / Rodriguez leaves M's for richest deal in sports history" *SF Gate*, December, 11, 2000, <http://www.sfgate.com/sports/article/A-Rod-Set-to-Sign-with-Texas-for-252-Million-2691810.php>

time and how that parallels changes and investments made by MLB in Latin America.

Revenue

Unlike professional football (NFL) and basketball (NBA) in the United States, MLB does not have a salary cap. This means each team is free to spend as their owner sees fit, regardless of ticket sales, past success, or market size. However, smaller market teams generally are at an economic disadvantage. The New York Yankees won six world championships in the 1950s partly because of “their ability to draw greater local revenues than their opponents.”¹²⁶ Ticket sales were the chief revenue source for teams in the 1950s. The second key source of income for teams at the time was local media. Local media contracts for radio and television rights moved baseball away from an attendance driven business to one that brought the game directly to the audience. This also provided an advantage for teams in large cities. The Dodgers of the 1950s, while still in Brooklyn, “earned more than \$750,000 for television and radio rights, which exceeded their player payroll by \$250,000.”¹²⁷ The Dodgers and Giants moved from New York to Los Angeles and San Francisco respectively in 1958. This expanded their markets by giving them total control of large cities, increasing television and radio contract revenue.¹²⁸ In 1965, a shared national television contract was signed for the first time. This initial ABC contract was for \$5.7 million. Rapidly

¹²⁶ Ronald W. Cox and Daniel Skidmore-Hess, *Free Agency and Competitive Balance in Baseball* (Jefferson, NC: McFarland & Company, Inc., Publishers, 2006), 52.

¹²⁷ Ibid, 52.

¹²⁸ Ibid, 53.

increasing television revenues were one of the reasons that the Major League Baseball Players Association was able to win concessions from management, as will be described. By 1974, the national television contract had increased to \$72 million. This immediately changed baseball's competitive landscape by providing more parity among teams.

Almost from the inception of professional baseball in the United States, owners and players have had an adversarial relationship, especially in regard to salary and the reserve clause. In the early 1880s when there was only one league, "it was quite customary for players to switch teams at will."¹²⁹ Obviously, this permitted players to seek higher wages. In 1880, National League officials instituted the Reserve Rule which allowed clubs to protect five players on their roster, excluding these players from other teams' poaching of talent.¹³⁰ Players formed their own league and although they outdrew the owner's teams at the gate in 1890, lacked sufficient resources to survive.¹³¹ Baseball labor historian James B. Dworkin wrote: "The two leagues compromised on a proposal that would merge the better of their teams and establish fairer employment practices."¹³²

Again between 1900 and 1902 players unionized and established their own league, led by Clark Griffith, a pitcher who later bought the Washington Senators who ironically, became the vanguard for recruiting foreigners. Like the earlier player's league, the experiment failed but resulted in higher minimum salaries for players.

¹²⁹ James B. Dworkin, *Owners Versus Players; Baseball and Collective Bargaining* (Boston: Auburn House Publ. Co., 1981), 8.

¹³⁰ Ibid, 10.

¹³¹ Ibid, 12.

¹³² Ibid, 12.

A third union formed between 1912 and 1918. A former baseball player and practicing attorney, David Fultz, formed the Baseball Player's Fraternity in large part as a weapon to counterbalance the suspension of Ty Cobb for pummeling a fan. When he was indefinitely suspended, a brief player strike ensued. Once Cobb was reinstated and the strike ended, the union might have faded except for the founding of a new baseball league (the Federal League) in 1914. "Immediately, the National and American Leagues agreed to recognize the player's union."¹³³ The Federal League went bankrupt and within three years, the union dissolved. There were two more aborted attempts to unionize in the 1920s and 1930s. The 1922 Supreme Court Case *Federal Baseball V. National League* granted additional ammunition to owners with which to fight unions. The court concluded that baseball was a game, not a business, and therefore exempt from the 1890 Sherman Act, an anti-monopoly piece of legislation.¹³⁴

During the administration of Franklin D. Roosevelt, the federal government began to support laborers via legislation and also through regulation. The National Labor Relations Act, passed in 1935, protected union rights and created a National Labor Relations Board in charge of investigating claims of unfair practices by either labor or employers. Robert Murphy, a former field examiner for the Labor Relations Board, organized a fourth baseball players' union in 1946, called the Guild.¹³⁵ Although the Guild was very short-lived, it is significant for two reasons: first, because the demands to be redressed were almost identical to those of the past 50 years and second, because it became the

¹³³ Ibid, 16.

¹³⁴ Ibid, 17-19.

¹³⁵ Ibid, 18-19.

precursor for the later successful Major League Baseball Players' Association.

Among the items high on the Guild's list for collective negotiations were:

1. End the reserve clause.
2. Institute arbitration for player-owner disputes.
3. Guarantee players a share in their purchase price.
4. Institute Spring Training pay.
5. Increase the minimum per season salary.
6. Reform contracts, changing the clause that owners could cancel contracts with ten days' notice while players had no such remedy.¹³⁶

However brief its existence, the Guild resulted in a management contrived system by which representative players met regularly with management to discuss complaints. Players had no vote and management always made the final decision. This led to the players' organization of the Major League Baseball Players Association (or MLBPA), which was not considered a union at birth; this came later with the stewardship of Marvin Miller, elected first executive director in 1966.¹³⁷

Within two years, Miller negotiated the first collective bargaining agreement which included higher minimum salaries, increases in pensions, disability and health insurance benefits. In addition, the MLBPA was successful in changing the grievance procedure. While the final decision had been up to the Baseball Commissioner (similar to the NFL today), the new contract left the final decision to an impartial arbiter agreed upon by both parties.¹³⁸ This agreement "mark(s) the start of a new, more adversarial relationship between owners and

¹³⁶ Ibid, 19.

¹³⁷ Ibid, 28-29.

¹³⁸ Ibid, 32.

players...no longer could general managers hoodwink players with impunity over contract provisions.”¹³⁹

Less than one year later, the MLBPA agreed to financially support player Curt Flood’s lawsuit against MLB, focusing on the reserve clause. As the case moved through the courts, relations between MLB and MLBPA deteriorated further. A players’ strike, the first in baseball history, resulted in the cancelation of 86 games before a compromise was reached in April, 1972.



Photo 7: Curt Flood (left) and Marvin Miller (right), 1970
Source: *Stepping Up: The Story of Curt Flood and the Fight for Baseball Players’ Rights* Alex Belth

Just two months later, the U.S. Supreme court ruled against Curt Flood and in favor of the reserve clause. Miller decided to test arbitration over the reserve clause in 1975. Before it reached arbitration, owners and MLBPA agreed that following six years of service, players were free agents. The reserve clause was dead.¹⁴⁰ Five of the top six 1946 player Guild demands had been garnered.

¹³⁹ Robert Fredrick Burk, *Much More Than a Game: Players, Owners and American Baseball Since 1921* (Chapel Hill, NC: University of North Carolina Press), 158.

¹⁴⁰ *Ibid*, 192.

However, neither players nor owners were satisfied with the total abolition of the reserve clause. An arbitrator ruled,

that players were not the perpetual property of their clubs as the owners had argued but were bound by the terms of their reserve clause for *only* one additional season after their contract expired. Thus, players could become free agents and revolve to the highest bidder, much like what occurred in the [latter]1800s. But both players and club owners alike were against complete abolition of the system...Thus, the 1975 negotiations featured the hammering-out of a compromise six-year reserve system that would allow free agency after that period of service with a particular team.¹⁴¹

Owners locked players out during spring training. The final agreement “specified only that teams losing a free agent would receive one draft choice in the amateur phase of the player draft from the team signing the free agent.”¹⁴²

In 1981 a 50-day strike resulted in the loss of “\$30 million in player wages and \$72 million in owner revenues” plus a \$50 million owner-operated strike fund.¹⁴³ The latter portion of the 1994 season and playoffs were canceled due to a strike. It is estimated that the latter cost MLB \$200 million in lost revenue.¹⁴⁴

The reserve clause’s legality had been defined and sustained by the Supreme Court for over half a century when the Miller-led MLBPA negotiated its demise. As a consequence, the player’s association went on to become one of the strongest unions in the world. In 1975, the last year before free agency, players earned 21% of the league’s revenues.¹⁴⁵ By 2001, players made 56% of the

¹⁴¹ Dworkin, *Owners Versus Players*, 34.

¹⁴² Ibid, 35

¹⁴³ Burk, *Much More Than a Game*, 234.

¹⁴⁴ Ibid, 290.

¹⁴⁵ Tom Verducci, “Let's Make A Deal Sorting out baseball's labor mess is easier than you think. Here's SI's simple plan, based on the owners' and players' latest proposals, to avoid a strike” *Sports Illustrated*, August, 5, 2002, www.si.com/vault/2002/08/05/327404/lets-make-a-deal-sorting-out-

league's revenue.¹⁴⁶

Free agency and Salaries

According to Alan Klein, "From 1970 to 1990 the minimum salary for major leaguers increased from \$12,000 to \$125,000 (942%) and the average salary increased from \$29,300 to \$600,000 (1,948%)." In 1992 the average salary for a major league player broke the \$1 million mark for the first time. In 2001, the average major league salary broke \$2 million, rising above \$3 million in 2008, and breaking \$4 million by 2015.¹⁴⁷

The effects of ending the reserve clause and allowing MLB players free agency cannot be understated. The reserve clause essentially indebted a player to a team for the duration of the team's choosing. The overturning of the reserve clause changed how teams budgeted and signed players. Players and owners immediately saw the drastic difference in wages. Author Robert Lewis notes, "The average MLB player salary grew from \$52,300 in 1976 to \$146,500 in 1980."¹⁴⁸ By 1983, average salary had grown to \$289,000. Even though salaries have increased astronomically from 1975-2015, the MLBPA Executive Director from 2009-2013, Michael Weiner, "constantly reminded players that 'owners'

baseballs-labor-mess-is-easier-than-you-think-heres-sis-simple-plan-based-on-the-owners-and-players-latest-proposals-to-avoid-a-strike August 5

¹⁴⁶ Ibid.

¹⁴⁷ Bill Shea, "MLB salaries continue to clear fences" *Regional Business News* <http://www.craigslist.com/article/20150404/NEWS/304059982/baseball-salaries-continue-to-skyrocket-as-new-season-opens>.

¹⁴⁸ Lewis III, *Smart Ball*, 93.

desires have not changed. They want to pay players as little as possible and control their services as long as possible.”¹⁴⁹

Salary and Reserve Clause Disputes

MLB faced its longest labor stoppage in 1994 because of the salary cap issue. The owners negotiated for the salary cap as a form of cost-containment.¹⁵⁰ They reasoned that, “spiraling players' salaries threaten to put smaller market teams out of business.”¹⁵¹ A salary cap in a professional sport, is a ‘monopsony price-fixing’ arrangement.¹⁵² There is only one buyer (MLB) of a product (the players) and the buyer limits its expenses in an effort to reduce input costs and thereby increase profits. A cap on the total amount a team may spend on player salaries will obviously decrease the amount of money that would otherwise be available to pay players in a free market. An additional effect of the cap is limited player mobility. A free agent's ability to sign with a new team is limited given that only teams not already exceeding or near the salary cap can bid on a player's services, and then only if the acquisition will not put the team over the salary cap. A salary cap in MLB would thus restrict competition in terms of both player salaries and player mobility.”¹⁵³ Owners lost the salary cap fight against the players’ union when the National Labor Relations Board cited them for unfair labor practices and future Supreme Court Justice Sonia Sotomayor granted an

¹⁴⁹ Travis Waldron, “Meet Tony Clark, the Most Important Man in Baseball,” *Huffington Post*, March 4, 2016, http://www.huffingtonpost.com/entry/tony-clark-mlb-players-association_us_56d766d6e4b03a4056775de2

¹⁵⁰ Charles Marvine, “Baseball's Unilaterally Imposed Salary Cap: This Baseball Cap Doesn't Fit,” (*Kansas Law Review*, Spring 1995).

¹⁵¹ Ibid.

¹⁵² Ibid.

¹⁵³ Ibid.

injunction to resume play under the previous working agreement.¹⁵⁴ The salary cap has still not been implemented twenty years after the strike.¹⁵⁵ MLB's revenue as an industry has exploded in the last twenty years. It was \$1.4 billion in 1995, immediately after the strike and today (in 2015) is at \$9 billion. Broadcasting revenue accounts for the new business model of professional baseball. In 2002, the national television broadcasting contract netted each team \$24 million, while the local broadcasting rights garnered each team an average of about \$19 million.¹⁵⁶ Team revenues rose from an average of \$6.4 million in 1975 to \$119 million in 2002.¹⁵⁷ These increases occurred in an era almost devoid of inflation.

Effect of Salary Increases on Foreign Players

Though there had historically been a wage gap between Dominican players and North American players' signing bonuses, the nearly 300% five-year salary increase after free agency began forced smaller market teams to become creative in order to compete. This spawned an increased demand for Dominican players. The difference in signing bonuses is staggering. Baseball scholar Kevin Kerrane calculated in 1975 that "major-league organizations gave U.S.-born players selected in the amateur draft an average signing bonus of \$60,000. By

¹⁵⁴ Cliff Corcoran, "The Strike: Who Was Right, Who Was Wrong and How It Helped Baseball," *Sports Illustrated*, August 12, 2014, <http://www.si.com/mlb/2014/08/12/1994-strike-bud-selig-orel-hershiser>

¹⁵⁵ Klein, *Dominican Baseball*, 50.

¹⁵⁶ Michael Hauptert, "The Economic History of Major League Baseball," (*University of Wisconsin*, December 3, 2007).

¹⁵⁷ *Ibid.*

contrast, signing bonuses for foreign-born Latin Americans acquired as undrafted free agents averaged \$5,000.”¹⁵⁸ As Alan Klein discovered in his research,

The frequency with which Dominican players signed with U.S. teams and went on to play in the major leagues jumped significantly since free agency. Although 49 players made it to the major leagues in the 15 years of the previous period, the 9 years since 1980 have produced 58 major leaguers and this continues.¹⁵⁹

YEAR	AV. PLAYER SALARY	% CHANGE
1951*	13,300	
1967*	19,000	+43%
1975*	46,000	+142%
1981	185,651	+304%
1991	891,188	+380%
2001	2,264,403	+154%
2011	3,305,393	+46%

Table 1: Average MLB Player Salary- selected years

Sources: **The Business of Major League Baseball*, Gerald W. Scully, Univ. of Chicago Press, Chicago. 1989, p. 124 and <http://www.cbssports.com/mlb/salaries/avgsalaries.html>

The information in Table 1 confirms that free agency motivated teams to look for cheaper players, and the effect is that more Dominicans played in the 1980s than all other decades combined. Klein wrote his article in 1989, and since that time, salaries have continued to rise exponentially (See Graph 2). The 1981 federal

¹⁵⁸ Burgos Jr., *Playing America's Game*, 232.

¹⁵⁹ Alan M. Klein, "Baseball as Underdevelopment: The Political-Economy of Sport in the Dominican Republic" *Sociology of Sport Journal*, (1989): 95-112.

minimum wage was \$3.35, while in 2011 it had risen to \$7.25, an increase of 116%.¹⁶⁰

In regards to Dominicans, I agree with Alan Klein that *buscones* helped develop players further at a younger age and was invaluable in contract negotiations with MLB teams. No longer is a young player at the mercy of a team to negotiate a contract and a signing bonus. Also, the *buscones* train Dominican players better and at a younger age to improve their skills and ultimately their signing bonus. With the rise of the *buscones*, bonuses more than doubled from 2004-2008.¹⁶¹ Hanley Ramírez, a future all-star, signed for a \$22,000 signing bonus in 2001 and by 2007, the average signing bonus was over \$65,000.¹⁶² Besides the help of the *buscones*, increased competition from other MLB teams, other baseball leagues, and added scrutiny to the paltry wages Latin American players were receiving all helped push Dominican signing bonuses in the 2000s.

While the average 1998 major league salary was \$1.3 million, the average foreign-born Latin American player's salary was much less.¹⁶³ For example, according to the *Washington Post*, "in 2000, the Cleveland Indians signed 40 players in Latin America for \$700,000."¹⁶⁴ This economic disparity has existed since the very first players from the Dominican Republic were signed by MLB. Wages have improved, specifically over the last two decades, but the gap between Dominican and non-Dominican baseball players' salaries remains.

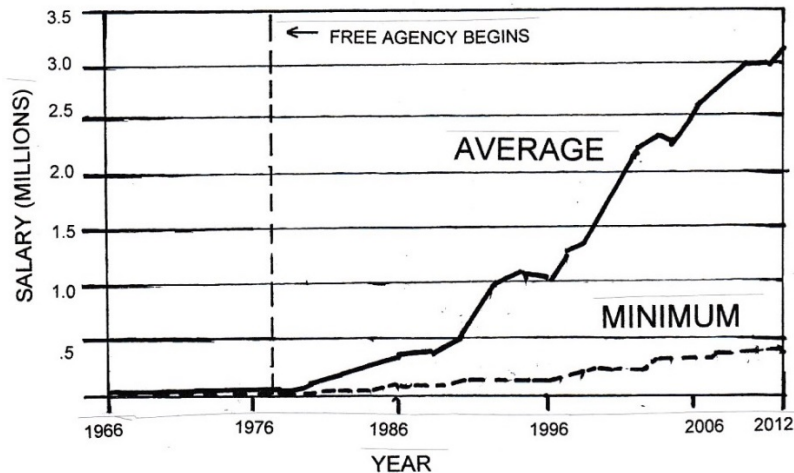
¹⁶⁰“United States Department of Labor, Minimum Wage Chart”
<http://www.dol.gov/whd/minwage/chart.htm>.

¹⁶¹ Kevin Baxter, “Dominican Shift” *Los Angeles Times*, April 15, 2008,
<http://articles.latimes.com/2008/apr/15/sports/sp-dominicans15>

¹⁶² Ibid.

¹⁶³ Breton and Villegas, *Away Games*, 39.

¹⁶⁴ Fidler and Guevara, *Stealing Lives*, 45.



Graph 5: Average and Minimum MLB Salaries 1966-2012
 Source: “MMLB Salaries Have Slowed in Past Decade,” *Business Insider*, July 2013.

According to authors Ronald W. Cox and Daniel Skidmore-Hess, 25% of players on minor league rosters were foreign born in the year 1990. This increased to 40% by the year 2000 and by 2006 Latin American players exceeded 50% of all players signed to professional contracts in the minors. Over 80% of all foreign born players in MLB in 2006 came from the Dominican Republic and Venezuela.¹⁶⁵ Still, MLB disputes that they exploit these players. According to MLB, relative to their other options and opportunities in their home countries, their signing bonus is appropriate and fair. Public opinion in the 1990s sided with the Dominican players, for escaping abject poverty and learning to succeed in a new country. In a book review in 1999, of *Away Games- the Life and Times of a Latin Baseball Player*, the *New York Times* wrote of the MLB-Latin American relationship,

¹⁶⁵ Cox and Skidmore-Hess, *Free Agency and Competitive Balance in Baseball*, 125.

Teams like the Athletics save money by filling out their minor league rosters with young Dominicans who can be had for a meager wage that a young American would never accept. (Tejada signed for \$2,000. The average American signing bonus is \$50,000.) It's a throw-back-the-little-ones approach; within a year or two, most of these players have either been shipped back to the Dominican or, if they manage to escape their handlers, are roaming the streets of cities like New York as illegal immigrants.¹⁶⁶

To better understand the differences Dominicans face in signing and negotiating contracts, one must compare their situation to those of players who are drafted annually in the first-year draft. The lawyer Timothy Poydenis explains how a player drafted according to draft rule 4 can negotiate:

First, a player is not obligated to sign with the team that drafted him. Rather, the team is given the sole negotiating rights to the player. After acquiring these rights, the team will begin the negotiation process with the player's agent. The most important advantage for the player is that he is not obligated to sign with the team. Therefore, if the team fails to offer the player a desirable contract price, the player can simply refuse to sign with the team, return to college for another season, and then reenter the draft the following year. This means that if a player is unsatisfied with the amount of money that a team offers him, he can refuse to sign with that team and remain eligible for the next year's Rule 4 Draft. Second, MLB teams are aware that players selected in the Rule 4 Draft are afforded this layer of protection. Therefore, teams often err on the side of caution by offering players more profitable contracts to ensure that they sign with the team rather than reenter the draft the following year.¹⁶⁷

The main point of contention in the literature on this subject is the economic differences between players working in the same organization. Paying a person differently based upon his country of origin violates laws enforced by the United States Equal Employment Opportunity Commission (EEOC). According

¹⁶⁶ Nicholas Dawidoff, "The Dominican National Pastime."

¹⁶⁷ Timothy Poydenis, "The Unfair Treatment of Dominican-Born Baseball Players: How Major League Baseball Abuses the Current System and Why It Should Implement a Worldwide Draft in 2012" *Sports Lawyers Journal*, Vol. 18, Number 1 (Spring 2011), 313.

to the EEOC, “National origin discrimination involves treating people (applicants or employees) unfavorably because they are from a particular country or part of the world.”¹⁶⁸ Baseball players from countries other than the Dominican Republic also have a distinct advantage in gaining a higher salary. MLB has formal agreements with some countries to respect and negotiate with the professional teams in that country for that particular player’s rights. For example, Fernando Valenzuela, a Mexican pitcher, was signed by the Los Angeles Dodgers in July 1979 from his Mexican league team in Puebla for \$120,000.¹⁶⁹ This cost resulted from the Dodgers paying the Mexican League team for his rights as well paying him a competitive salary. The negotiation was required by a formal agreement entered by MLB and the Mexican League that arose from American players signing in Mexico in the 1940s.

General managers and personnel staff in major league organizations are pragmatic with roster decisions and candid about signing foreign players. According to former San Diego Padres General Manager (GM) Joe McIlvaine, “nobody gets signed out of Mexico simply because they [US teams] don't want to pay the price tag.”¹⁷⁰ “Teams make decisions based upon budgets and if two players have essentially equal talent and age, the team will go with the cheaper option. Others would argue that it is in teams’ best interests to sign and field the best, and most competitive team they can, but that argument has been discredited by MLB itself. One of the pioneers and leaders in recruiting Latin American

¹⁶⁸ “U.S. Equal Employment Opportunity Commission,” <http://www.eeoc.gov/laws/types/nationalorigin.cfm>.

¹⁶⁹ Burgos, *Playing America’s Game*, 235.

¹⁷⁰ Steven Ranieri, “Put Baseball On The Free Trade Agenda” *Washington Post*, October 26, 1991.

players, Pat Gillick, GM of the Toronto Blue Jays said, "We really don't go into the Mexican market at all. Mainly because we try to put our dollars where they count. We think our dollars count more in the Dominican Republic, Puerto Rico and Venezuela. We don't think our dollars are well spent in Mexico."¹⁷¹

Draft

MLB shifted its historic draft strategy for amateur players. According to Rob Ruck, "In 1965, 56 percent of all players drafted were high school players, and about half of those drafted signed contracts. By 2005, only 35 percent of draftees were high school players, and only a quarter of them signed."¹⁷² With less than 10% of players drafted annually coming straight out of high school, more American players believe that playing college ball for three or four years will improve their draft position and ultimately result in a contract. To MLB teams, it is advantageous to draft and sign older, more developed American players. However, this logic does not apply to Latin American players. The opposite trend has emerged as teams want to sign players of the youngest possible legal age. This has led to fraudulent Dominicans changing their age or lying about their identity in an effort to sign for a bigger bonus.

Salary disparity applies to other groups as well, even other Latin American groups. "The Cuban can come [to the DR] and be thirty years old, and they'll give him all the money in the world," said Dominican trainer Astin Jacobo.¹⁷³ Since high school players drafted and signed are small in numbers, teams have to fill more roster spots. The Dominican player pool supplies affordable options. For

¹⁷¹ Ibid.

¹⁷² Ruck, *The Tropic of Baseball*, 185.

¹⁷³ Klein, *Dominican Baseball*, 124.

example, the Oakland Athletics signed 30 Dominicans just between the period of December 1987 and March 1988.¹⁷⁴

Through the MLB amateur draft, from 1987 to 2008, there were a total of 19,121 players drafted who signed.¹⁷⁵ Two Emory Law professors, Joanna Shepherd Bailey and George Shepherd, examined the racially discriminatory effects of the MLB draft and found that the amateur draft was created in the 1960s by the owners primarily because they feared that large bonuses to untested rookies were threatening the clubs' financial security, and the expectation that rich teams from big cities would systematically sign better players than less prosperous teams from smaller markets, thus hurting competition.¹⁷⁶ Thus, as shown by Table 2 (below), salaries for players recruited from North American (American, Canadian and Puerto Rican) proved to be expensive.

RANGE	AVERAGE
Round 1 Top 5 picks	\$6,295,100
5-10	\$3,506,560
11-20	\$2,644,910
21-42	\$1,851,100
Round 2	\$1,064,539
Round 3	\$652,847

¹⁷⁴ Klein, *Sugarball*, 56.

¹⁷⁵ Matt Eddy, "One in Six Picks Will Click on Trek from Draft to Majors," July, 2013, <http://www.baseballamerica.com/draft/one-in-six-draft-picks-will-click/>

¹⁷⁶ Ross and James, Jr., "A Strategic Legal Challenge to the Unforeseen Anticompetitive and Racially Discriminatory Effects of Baseball's North American Draft," 2.

Round 4	\$469,550
Round 5	\$351,583
Round 6	\$263,250
Round 7	\$197,960
Round 8	\$171,363
Round 9	\$160,023
Round 10	\$150,860

Table 2: Average MLB Amateur Draft Signing Bonuses 2015

Source: <http://thecomeback.com/theoutsidecorner/2015-articles/thousands-now-millions-later-choice-mlb-draft-pick-must-make.html>

Because of the large increase in payroll (including increasing bonuses) as a percentage of total team revenues, owners had to become more resourceful. In 1977 the payroll accounted for 25% of the average team's revenue. By 1980, it had jumped to 39.1% and by 1992 it was over 50%.¹⁷⁷ Economically, baseball flourished because of new stadiums, attendance, and most importantly television rights contracts. Still, the owners fight a constant battle against player payroll. The contentious strikes of 1981 and 1994 illustrated this labor struggle. Free agency resulted in increased payroll costs and management sought relief. From 1985 to 1987, the owners colluded so that no team bid on any free agents. Under the leadership of Commissioner Peter Ueberroth, the teams succeeded in lowering the rate of growth for player salaries. However, each of those three years, the players filed complaints of collusion and won each time. The owners would not relinquish control of the labor market easily. One area that could

¹⁷⁷ Hauptert, *"The Economic History of Major League Baseball."*

possibly counteract salary increases was the hiring of more foreigners. Research by the National Foundation for American Policy found that:

The percentage of foreign-born players in the major leagues fluctuated between 2.5 and 4.6 percent from 1900 to 1920, and dropped below 2 percent in the 1920s and 1930s. It started to rise after World War II and floated between seven and nine percent between 1960 and 1985, before increasing dramatically in the 1990s with the influx of foreign players in particular, from the Dominican Republic and Venezuela.¹⁷⁸

Around 1990 two events further escalated competition for Latin American players. First, as discussed earlier, was Puerto Rico's inclusion in the amateur MLB draft, which made these players as expensive as U.S. born. Second was an explosion in salary similar to the 1970s after free agency began. Signing bonuses for first-round draft picks "increased by 40 percent in 1990, 44 percent in 1991, and 35 percent in 1992."¹⁷⁹ MLB tried to mitigate this trend by giving teams five years' time to hold a player's exclusive rights. Considering it a revival of the reserve clause, this policy was challenged by agent Scott Boras and never implemented.¹⁸⁰ American players received larger contracts and signing bonuses thanks to agents. However, organizations did not want their Latin American players to obtain similar representation.

The journalist Gare Joyce interviewed a scout who used the pseudonym C.G., which stood for contract god. He explained the signing process for Dominicans circa 1989:

¹⁷⁸ Stuart Anderson and L. Brian Andrew, "Coming to America Immigrants, Baseball and the Contributions of Foreign-Born Players to America's Pastime" (*National Foundation for American Policy*, October 2006,).

¹⁷⁹ Cox and Skidmore-Hess, *Free Agency and Competitive Balance in Baseball*, 131.

¹⁸⁰ *Ibid*, 131.

A scout can offer [the Dominican prospect] a couple thousand bucks... The scout tells the kid he has so long to decide or else he's going to spend the money on another player. Just gives him a little pressure. The kid has to decide— sign, or wait. His family doesn't know anything about ball... The only person the kid can get advice from is the personal trainer and his commission is fixed at \$300 a head. Of course the kid doesn't know that. The trainer will always do the same thing: tell the kid to sign the first thing that comes along.¹⁸¹

Some have stated that foreign born players have hurt “American” players’ salaries or opportunities. However, according to research by the National Foundation for American Policy:

The increase in foreign-born baseball players does not appear to have harmed the salaries of native-born players. In fact, since 1990 average major league player salaries more than quadrupled (in nominal dollars) at the same time the proportion of foreign-born players in the league more than doubled (from 10 percent to 23 percent today). Average major league player salaries have increased from \$578,930 in 1990 to \$2.87 million in 2006.¹⁸²

New Foreign Academies

In the 1980s major league teams began to realize the financial implications of free agency as well as the success of Dominican players and the academy system. Teams like the Giants, Dodgers and Blue Jays had years of experience and connections on the island so that other teams believed expansion to different countries was wise. Andrés Reiner, a special assistant scout, pitched an idea to different major league teams to create the first academy in Venezuela. After getting turned down by the Giants and Pirates, the Astros agreed to fund the project. Up until 1980, there had been a total of 26 Venezuelans who had played

¹⁸¹ Joyce, *The Only Ticket Off the Island*, 77.

¹⁸² Anderson and Andrew, “Coming to America.”

MLB.¹⁸³ Through the establishment of the country's first academy, 28 Venezuelans reached the major leagues in the 1980s.¹⁸⁴ Though once the richest country in South America because of its petroleum, Venezuela had a major economic downturn in the 1980s. This precipitous change led Reiner to assume that more young men would be interested in professional baseball as a possible career. According to *Sports Illustrated*, the reason Venezuela was not producing as many baseball players as the Dominican Republic or Puerto Rico was "because of Venezuela's relatively high standard of living, the hunger that motivated players in other Latin American countries to use baseball as a way out of poverty was missing."¹⁸⁵ The economic disaster in Venezuela changed this picture and was a bonanza for MLB.

In 1989, the Astros opened the first Venezuelan baseball academy. At that moment, most Venezuelan signing bonuses were between \$5,000 and \$10,000.¹⁸⁶ By 2006, half of major league organizations had built academies in Venezuela or participated in the Venezuelan summer league and all thirty teams had scouts in the country.¹⁸⁷ As a result of this competition bonus money skyrocketed. Jesús Montero, a sixteen-year-old Venezuelan catcher, signed with the New York Yankees for \$2 million in 2006.¹⁸⁸ This rapid escalation in bonus salaries for Venezuelans is similar to the experience of Dominican players.

¹⁸³ Bjarkman, *Diamonds Around the Globe*, 385.

¹⁸⁴ *Ibid*, 385.

¹⁸⁵ Mark Bechtel, "Star Gazing the Houston Astros Set Their Sights On Venezuela And Found A Hotbed Of Talent," *Sports Illustrated*, March 12, 1996, p. 46.

¹⁸⁶ Milton, *Venezuelan Bust, Baseball Boom*, 212.

¹⁸⁷ *Ibid*, 214.

¹⁸⁸ *Ibid*, 212.

Like the Washington Senators in Cuba and later the Blue Jays and Dodgers in the Dominican Republic, the organization that is first to recruit, sign and train talent in a new country has a huge advantage: it can control the entire market of the country. The initial lack of competition from other major league teams allows teams to save money on player procurement while signing the very best players available. The Astros of the late 1990s and early 2000s were very successful. Since they became the Houston Astros in 1965, the team had compiled a total winning percentage of .493 (over a hundred games under .500).¹⁸⁹ From 1989 when Andres Reiner began the first Venezuelan MLB academy until the end of the 2005 season when Mr. Reiner retired, the Astros' winning percentage was .514 (almost 100 games over .500).¹⁹⁰ Though these gains cannot be attributed solely to Venezuelan players, it is worth note. The Astros' Venezuelan academy developed pitchers Freddy Garcia and Johan Santana and everyday position players Carlos Guillen, Melvin Mora, Richard Hidalgo, and Bobby Abreu.¹⁹¹

As is evident, MLB labor relations is correlated to Latin American recruitment. As Stephen Ross and Michael James Jr. argued, the creation of the amateur draft in 1965 dismantled the system of North American scouting that had been around since professional baseball began. Yet they do not examine the advent of free agency in 1975 increased players' salaries and a team's operating costs. To curb costs, MLB sought players in the Dominican Republic and Venezuela because they were cheaper to sign and develop.

¹⁸⁹ "Houston Astros Team History & Encyclopedia," <http://www.baseball-reference.com/teams/HOU/>

¹⁹⁰ "Houston Astros Year-by-Year Results," http://houston.astros.mlb.com/hou/history/year_by_year_results.jsp

¹⁹¹ Milton, *Venezuelan Bust, Baseball Boom*, 177.

CHAPTER FOUR

RECENT DEVELOPMENTS

This chapter examines the era from 2000-2015, a period that saw a huge increase in the number of Latin American players, especially from the Dominican Republic, Venezuela, Panama and Cuba. League-wide investment in academy facilities, training, and signing bonuses for players also increased immensely. Lastly, this chapter will examine the latest collective bargaining agreement in 2011, why its changes were sought by the owners and how it has affected both international signing bonuses and amateur draft signing bonuses.

While the period of 2000-2015 witnessed rapid growth and also change in MLB investment in the Dominican Republic, investment in Venezuela evaporated. By 2015, there were only four MLB team (Chicago Cubs, Detroit Tigers, Philadelphia Phillies, Tampa Bay Rays) academies left open in the country, down from 21 in 2002.¹⁹² Economic, political and social changes in Venezuela have resulted in this shift by MLB organizations. Former President

¹⁹² P.G., “Baseball in Venezuela: Not So Sweet Home,” *The Economist*, November 11, 2011, <http://www.economist.com/blogs/gametheory/2011/11/baseball-venezuela>

Hugo Chavez spearheaded labor reform laws that negatively affected American baseball and the globalized business of MLB. In terms of security, the Seattle Mariners and St. Louis Cardinals have had players and staff robbed at gunpoint and Wilson Ramos, a catcher for the Washington Nationals was even kidnapped.¹⁹³ Diplomatically the relationship between the United States and Venezuela has further affected MLB's investments. In 2015, President Nicolas Maduro made it mandatory for all American visitors to secure a visa to enter the country, and some have been denied entrance into the country including an Astros scout.¹⁹⁴ The shortages of goods in Venezuela became so dire that Caracas newspaper columnist Ignacio Serrano said the Mariners shut down their academy in 2015 because they couldn't find enough food for forty players.¹⁹⁵ Though there remain scouts in the country, the closure of academies is a loss of investment in the country and may ultimately lead to fewer Venezuelan players being signed and making it to the major leagues. However, in 2015 a newly elected Congress began to dismantle some of the Hugo Chavez legacy. If it likewise changes labor law, MLB academies may return.

The successful academy system developed by two pioneering teams became the model for all 28 other franchises to tap those countries' talent pools. The current *buscon* and academy training system has as its antecedents Branch Rickey's ideas of training and developing talent, the successful business strategy

¹⁹³ Matt Barnes, "Why MLB Teams Are Fleeing Venezuela," *Sports Business News*, May 5, 2015, <http://www.sportsbusinessnews.com/node/27333>

¹⁹⁴ "Closing MLB Facility in Venezuela Leaves Prospects, Personnel With Nowhere to Go," *Fox News Latino*, March 15, 2015, <http://latino.foxnews.com/latino/sports/2015/03/15/closing-mlb-facility-in-venezuela-leaves-prospects-personnel-with-nowhere-to-go/>

¹⁹⁵ John Otis, "As Venezuelan Crisis Deepens, U.S. Baseball Teams Close Academies," February 24, 2016, <http://www.npr.org/sections/parallels/2016/02/24/467914426/as-venezuela-crisis-deepens-u-s-baseball-teams-close-academies>.

of quality out of quantity, and the camps set up by the Blue Jays and later the Dodgers. Latin Americans' success in the game is unquestionable and had historically been cheap to sign. This led to a period of aggressive investment and recruiting by MLB teams which benefitted players by raising signing bonuses to levels they had never been before.

Salary Cap

To counteract the high price of signings, MLB created a special salary cap for Dominican and Venezuelan players in November 2011 after collective bargaining agreement negotiations. The international salary cap put dollar limits on the amount teams could spend on players in a given year from those countries. Depending on how a team did the previous year, "the total allowable signing limits per team would be between \$1.7 million and \$4.9 million."¹⁹⁶ According to MLB commissioner Rob Manfred, the cap was implemented because "Our overarching goal was to prevent teams with the largest amount of money from becoming absolutely dominant in the market for international players, and we think this levels the playing field."¹⁹⁷ This argument is very similar to the one owners used for proposing a salary cap during the 1994-1995 labor strike.

MLB negotiated concessions aimed at improving the image of MLB's relationship with the Dominican Republic. These include having prospects register with MLB (to combat age issues), drug testing, and creating a committee to help international baseball players with job training and education after their

¹⁹⁶ Klein, *Dominican Baseball*, 162.

¹⁹⁷ *Ibid*, 162.

baseball careers.¹⁹⁸ The international signing bonus pool restricts the “potential earning power of a whole class of players who lack the protection afforded to all those above them.”¹⁹⁹ For union members, the more money available, the better. Arguably, the union, in the last collective bargaining agreement, gave up too much to the owners in concessions that restrict signing bonuses for certain international players and players in the Rule 4 amateur draft.

By allowing teams with losing records in the prior season to have a greater opportunity to sign Latin American players and controlling the cost of the maximum signing bonus, the new signing bonus pool system is similar to the amateur draft. It promotes economic and geographic fairness, for the teams, not the Dominican players. However, one feature of the new signing bonus pool seems to reward teams for negotiating the cheapest contract possible with a player. According to authors Arturo Marciano and David Fidler, the new agreement allows teams to sign an unlimited number of international amateurs for bonuses of \$10,000 or less starting in the 2015/2016 season.²⁰⁰ According to *Baseball America*, a huge factor for how many international players a team can sign, is the size of their academy. Some teams have large enough training facilities that they can house and develop multiple Dominican Summer League

¹⁹⁸ Jeff Sullivan, “Your Complete Summary of MLB’s New CBA,” November 23, 2011, <http://www.sbnation.com/2011/11/23/2581637/major-league-baseball-cba-labor-agreement>

¹⁹⁹ Jonah Keri, “MLB’s New CBA Is No Help to Small-Market Clubs,” November 22, 2011, <http://grantland.com/the-triangle/mlbs-new-cba-is-no-help-to-small-market-clubs/>

²⁰⁰ David Fidler and Arturo Marciano Guevara, “*Ballplayer: Pelotero*- Major League Baseball, Human Rights, and the Globalization of Baseball,” August 22, 2012. *American Society of International Law, Insights* Vol. 16, Issue 26.

teams.²⁰¹ Similar to Branch Rickey's approach, the more players who have the opportunity to improve, the better the chances of the team in uncovering a star player.

As we have seen, signing bonuses for Dominican and Venezuelan players have increased dramatically over the past thirty years and more so since 2005. In July 2011, the last international signing period before the new CBA Basic Agreement, MLB teams spent a combined \$47 million on international players.²⁰² The Texas Rangers alone spent \$11 million, including a Dominican record, \$5 million on an outfielder, Nomar Mazara and another \$5 million combined on two other prospects.²⁰³ In total, seven different players received signing bonuses of \$1 million or more.²⁰⁴ In other words, the Texas Rangers would have gone over the bonus pool by at least \$6.1 million. This signing bonus increase in the 21st century has been a boon to the players and the private academy system, with *buscones* earning much larger percentages. Subsequently it led to the international signing salary cap, as this increase, if continued in the future, might make it untenable for teams to invest in the academies as they have been from 2005-2011. Though not equal to North American players, the recent bonuses are much more in line with the rest of baseball. According to *Baseball America*, by 2015, "only a handful of [Latin American] players sign[ed] each year in the \$1 million price range, while another 200 or so fall into the six-figure bonus territory and another roughly 600

²⁰¹ Ben Badler, "Which Teams Signed the Most International Prospects?" *Baseball America*, March 24, 2016, www.baseballamerica.com/international/which-teams-signed-the-most-international-prospects-in-2015/#sB2mcF2c0LiDVizF.97

²⁰² Jonathan Mayo, "Game of Signing International Talent about to Change" December 2, 2011, <http://m.mlb.com/news/article/26069652/>

²⁰³ Ibid.

²⁰⁴ Ibid.

players sign for less than \$100,000.”²⁰⁵ This issue remains unresolved and MLB will seek to develop an international draft for the new CBA expected by the end of 2016.

New Academy Construction

As the success of the pioneering Blue Jays and Dodgers became more apparent, other major league teams sought to build their own academies and invest in the Dominican Republic. Initially, many academies were simple facilities. In the 1990s, authors Arturo Marciano and David Fidler wrote about the deplorable conditions Chicago Cubs prospects had to endure in the Dominican Republic in their book *Stealing Lives*. According to accounts, Quiroz and about two dozen other players lived in a small community called Santana, where they were assigned to a house with a single toilet and often no running water. Most of the time, Quiroz said he was given only water and a banana or an orange.²⁰⁶ This does not exemplify all player’s experiences or all MLB organizations, but it is an interesting account that gave the both the Cubs and MLB bad publicity. In the past fifteen years, teams have increased investment in the Dominican Republic in part to keep up with their competitors. Rafael Pérez, MLB director of Dominican operations, explains that, “in the past 10 years 15 academies have been built at an average cost of \$4 million. The more modern and luxurious academies have cost

²⁰⁵ Badler, “Which Teams Signed the Most International Prospects?”

²⁰⁶ Marx, “Cub’s Odyssey was a bad trip”.

\$6 million to \$8.5 million, a large sum compared to the \$785,000 it cost to build Campo Las Palmas.”²⁰⁷



Photo 8: Seattle Mariners' Dominican Academy

Source: <http://blogs.seattletimes.com/mariners/2014/02/13/photos-mariners-unveil-new-baseball-academy-in-the-dominican-republic/>

In just ten years, 2005-2015, half of all major league teams have built new academies in the Dominican Republic. This rapid construction and investment shows how valuable MLB deems the Dominican Republic. Perez says that major league teams are signing about 450-500 Dominican players annually, because the teams have the resources in place to develop these players for the future.²⁰⁸ Almost all of the Dominican players who make it to the major leagues have been trained in the academies. This differs from other countries such as Japan, Mexico, and Cuba where players are generally signed at an older age and have played professional baseball in their countries. A Japanese star like Ichiro Suzuki will not go to a developmental league; he will go straight to the major league team. Because of the special relationship between major league baseball and the Dominican Republic and the investment in facilities that teams have made there,

²⁰⁷ Enrique Rojas, “Baseball academies thrive in the Dominican Republic” *ESPN*, July 1, 2015, http://espn.go.com/blog/onenacion/post/_/id/710/baseball-academies-thrive-in-the-dominican-republic.

²⁰⁸ Ibid.

the island has also become the de facto training ground for other younger, signed foreign Latin players such as Venezuelans and Panamanians.

Another factor to improve player development in Latin America is the prospect league. The Dominican Prospect League was created in 2009 to give prospects more in-game experience.²⁰⁹ This is a separate league from the Dominican Summer League which is a minor league affiliate of MLB teams. The DPL is for amateur players from the Dominican Republic, Venezuela, Mexico, Colombia, Curacao, Cuba, and Panama.²¹⁰ Venezuela had its own summer league for MLB teams' prospects, but after 19 seasons, it will shut down for 2016 because there are so few teams left in the country.²¹¹ Teams will now shift their Venezuelan League players to the Dominican Republic.²¹²

Increase in Cuban Players

During the past fifteen years, an increasing number of Cuban players have left the island (without permission and without an American visa) to sign with major league teams. Teams and agents have not been able to do business in Cuba because of the American embargo and Cuba does not allow its players to sign with MLB teams and go to the United States.²¹³ This Cold War policy has left great Cuban players out of MLB and created a “defector” system for Cuban players who dare to leave. Some players have braved ocean waters on small boats

²⁰⁹ Jesse Sanchez, “Dominican Prospect League Brings Hope,” February 1, 2012, <http://m.mlb.com/news/article/26544700/>

²¹⁰ No author., no post date. <http://dplbaseball.com/>

²¹¹ Danny Wild, “Venezuela Summer League closes doors,” January 21, 2016, http://www.milb.com/news/article.jsp?ymd=20160121&content_id=162470356&fext=.jsp&vkey=news_milb&sid=milb

²¹² Ibid.

²¹³ Daniel Trotta and Junko Fujita, “Cuba Opens Pipeline of Baseball Talent to Japan, U.S. Left Out,” *Reuters* July 3, 2014, http://articles.chicagotribune.com/2014-07-03/features/sns-rt-us-cuba-baseball-20140703_1_more-cuban-players-frederich-cepeda-nippon-professional-baseball

to make their way off the island to an MLB team.²¹⁴ Other players have defected in foreign countries, like Mexico, during tournaments while on the Cuban national team.²¹⁵ These players have taken their chance to escape and not return to Cuba, eventually making their way to the United States after a period of time to establish residence in Mexico, a neighboring country. This is what brothers Livan and Orlando Hernandez did in the late 1990s. However, the defection process is a terrible situation for the players; they risk their safety, the safety of their families left behind in Cuba, and the likelihood of not being able to return home. This is weighed against the opportunity for them to play the best competition in the world and make tens of millions of dollars. Yasiel Puig of the Los Angeles Dodgers ended up dealing with the Zetas criminal gang in Mexico and paid \$250,000 for his safe passage to the United States.²¹⁶ Out of 90 total Cuban defectors, 66 of them have left since the year 2000.²¹⁷ These players signed large contracts, foregoing some of the “Latin players on the cheap” negotiating that has hampered other Latin American players. For example, in 2012 Puig signed a seven year, \$42-million-dollar contract with the Dodgers after illegally leaving Cuba, traveling to Mexico and then illegally crossing the American border.²¹⁸ This was his first professional contract with a major league team, yet it dwarfed Dominican and Venezuelan contracts. This difference in salaries is not only about talent or potential, it is because of the collective bargaining agreement. According to the

²¹⁴ Juan C. Rodriguez, “ESPN documentary ‘Brothers in Exile’ Features ex-Marlin Livan Hernandez,” November 1, 2014, <http://www.sun-sentinel.com/sports/miami-marlins/fl-marlins-el-duque-1101-20141101-story.html>.

²¹⁵ Ibid.

²¹⁶ Trotta and Fujita, “Cuba Opens Pipeline of Baseball Talent to Japan, U.S. Left Out”

²¹⁷ http://www.baseball-reference.com/bullpen/List_of_Cuban_Defectors#Major_League_Players

²¹⁸ Enrique Rojas. “Dodgers have a deal with Yasiel Puig,” June 29, 2012, http://espn.go.com/los-angeles/mlb/story/_/id/8107121/los-angeles-dodgers-deal-yasiel-puig-sources-say.

current CBA, a player who has played in a professional league that is recognized by MLB and is at least 23 years old is a free agent. This professional experience means they are no longer an amateur and therefore not held in the international bonus pool for signing. Because of the Cuban professional leagues, Cuban players are at a major financial advantage compared to other Latin players when negotiating their first contract to play for a major league franchise.

Changes abroad politically, economically, and in labor have historically been driving factors in player production for MLB. First, Cuba's revolution shut major league baseball out and made it hard for star players to sign and leave. Up until 1960, Cuba was the country with the most foreign players in "America's pastime." Puerto Rico became the number one exporter of baseball talent from the 1970s through the 1980s, though the Dominicans were sending more and more players in the 1980s. Venezuela's economic downturn in the 1980s led to baseball becoming a much more attractive and viable economic decision for young men, which led to establishment of its first academy. Finally, the change to the MLB first-year amateur draft to include Puerto Rico substantially changed the game. There, the draft has been blamed for the downfall of the sport on the island; Puerto Ricans now have to wait until they finish high school to be drafted and signed, competing head to head with American and Canadian players. Major league teams now have less incentive to cultivate talent in Puerto Rico because those players most likely will end up with another team through the draft.²¹⁹ Therefore, teams invest their time and money into other countries such as the

²¹⁹ Jorge Castillo, "Puerto Rico Traces Baseball's Slide to Draft," *New York Times*, January 16, 2012, http://www.nytimes.com/2012/01/17/sports/baseball/puerto-rico-traces-decline-in-prospects-to-inclusion-in-the-baseball-draft.html?_r=2.

Dominican Republic, Venezuela, and most recently Aruba. Whereas, in the Dominican Republic all 30 teams have their own academy with scouts and instructors, only “a handful of major league teams have full-time scouts on the [Puerto Rican] island.”²²⁰ Puerto Rico has had about a 40% decrease in MLB players since 1989 and the Puerto Rican government even requested an exemption from the draft which was denied by MLB.²²¹ In Puerto Rico, there is only one academy, which is financed by major league baseball, not an individual team. Established in 2002, the Puerto Rican Baseball Academy and High School consists of 12 teachers, 16 baseball instructors and about 400 students grades 7-12.²²² The academy costs MLB about \$400,000 a year and through 2012 had helped over 400 players go to college in the United States as well as having 70 players drafted by MLB.²²³ So far though, none of its graduates have made it to the majors.

²²⁰ Ibid.

²²¹ Ross James, Jr., “A Strategic Legal Challenge to the Unforeseen Anticompetitive and Racially Discriminatory Effects of Baseball’s North American Draft,” 3.

²²² Jesse Sanchez, “Baseball Academy a hit in Puerto Rico” November 29, 2008, <http://m.mlb.com/news/article/3693851/>.

²²³ Jorge Castillo, “Puerto Rico Traces Baseball’s Slide to Draft.”



Map 4: MLB Players by Country of Origin 2015

Source: "Opening Day Rosters Feature 230 Players from Outside the U.S." MLB News 04-06-2015.

Continuing Problems

The younger the Dominican prospect, the higher the bonus he can be offered. Accordingly, players' families and *buscones* have every incentive to cheat the system. This market relationship has created problems as players and *buscones* falsify ages and/or names. Teams have created this problem because of how they value Latin American players. For example, the Washington Nationals in 2006 signed sixteen-year-old Esmailyn Gonzalez to a \$1.4 million signing bonus, but Gonzalez was neither sixteen nor "Esmailyn." He was actually 21-year-old Carlos Alvarez Lugo."²²⁴ The problem was not an isolated case. After 9/11, the State Department toughened regulations on visas and from 2002-2003, MLB found 550 cases of identity fraud, 99 percent being Dominican.²²⁵ While MLB created this problem with its economic strategies, both the MLB and

²²⁴ Klein, *Dominican Baseball*, 123.

²²⁵ *Ibid*, 122.

Dominicans share blame in the identity fraud problem. However, the Dominicans' motivation is perfectly understandable. Unlike their counterparts from North America who are draft-eligible (Americans, Canadians, Puerto Ricans), Dominican players have a small window with which to earn the most for their talents. In 2002, the Los Angeles Dodgers were willing to offer a seventeen-year-old right handed pitcher named Jonathan Corporan \$930,000 to sign. After hiring a private investigator to verify his age, the Dodgers discovered Corporan was actually 21-year-old Reyes Soto. Soto still signed with the Dodgers, but for \$150,000.²²⁶ The difference in signing bonuses is striking, considering most prospects in the minor leagues are still considered young at 21. Age and identity fraud are continuing issues for MLB and its teams. Sandy Alderson, a general manager for multiple teams, was hired in 2010 as an advisor the MLB commissioner to improve Dominican immigration. He stated then that "I had personally been burned on a number of occasions by identity fraud. One has to ask if one is prepared to make the same investment again. If you get burned too often, you may decide to go elsewhere."²²⁷

Pay

Dominican bonuses have risen exponentially since the early 1990s. This wage increase is after a flat period from the 1920s until 1994, during which time Dominican players' salaries were the most depressed of any group of MLB players. Still, even by the early 2000s their salaries paled in comparison to North

²²⁶ Klein, *Growing the Game*, 117.

²²⁷ Tyler Kepner, "Baseball's Identity Fraud Problem May Be More Prevalent," *New York Times*, January 28, 2012, http://www.nytimes.com/2012/01/29/sports/baseball/identity-fraud-among-dominican-players-worries-baseball-officials.html?_r=0.

American amateurs. In the 2008 amateur draft, the top ten players' bonuses combined came out to \$42.8 million. Meanwhile, the top ten international bonuses of all time paid to players' total \$24.5 million.²²⁸ Both major league teams and *buscones* alike point to the infrastructure and development costs of Dominican players. There are many factors taken into account when considering the total development cost of a foreign player from the Dominican Republic or Venezuela. Andres Reiner, scout for the Houston Astros and pioneer in Venezuelan scouting, laid out his budget and plan for establishing an effective academy. The team would need scouts, coaches, trainers, a physician, along with a facility to train, house and feed the young prospects. In 1989, the first year of the program, the Astros committed \$60,000 to the Venezuela project.²²⁹

Some people argue that the international free agent market has hurt American players' salaries and opportunities. The 2011 collective bargaining agreement included some of the biggest changes ever for signing players, both international and North American. The agreement created a bonus pool for the amateur draft, meaning that each draft slot had a dollar range attached to it. This stipulation was marketed as a way to help small market teams compete and sign players who otherwise would prove too expensive for their budgets. According to ESPN,

Owners achieved their goal of reining in spending on amateur players coming to the major leagues. For high school and college players taken in the June amateur draft, there will be five bands of penalties, starting with a 75 percent tax on the amount 0-5 percent over a specified threshold for each team next year, based on its

²²⁸ Shawn Hoffman, "Make the World Go 'Round- The Sketchy Economics of an International Draft," March 12, 2009, <http://www.baseballprospectus.com/article.php?articleid=8612>.

²²⁹ Milton, *Venezuelan Bust, Baseball Boom*, 8.

selection spot. For teams going 5-10 percent over, the tax will rise to 100 percent and they will lose their next first-round draft pick. If a team goes more than 15 percent over, it could lose its following two first-round draft picks.²³⁰

However, the unintended consequence of making the loss of a valuable first round pick the penalty for overpaying the perceived price of the player in the amateur draft is that teams have shifted their dollars elsewhere. Since the new agreement went into effect, no team has gone over the 5% threshold.²³¹ From 2000 to 2011, amateur “draft spending rose an average of 4.9 percent annually.”²³² From 2012 to 2014, spending was below the 2011 draft. The owners saved money on players in the traditional amateur draft, but used those savings on higher bonuses for international free agents. During that same period, “spending on big league payroll rose 5 % in 2012, 6.2 % in 2013 and 8.6 % in 2014.”²³³ There is a bonus pool of money for international players from the Dominican Republic and Venezuela of \$2.9 million. However, the penalty for spending more than the allotted amount is a tax and a restriction on spending for international players in the future year. No draft pick will be lost, making it a much more attractive option for teams trying to sign the best players. “Thirteen teams went over their pools for 2014-15, resulting in \$71.5 million in tax.”²³⁴ This

²³⁰ ---“MLB players, owners sign agreement” *ESPN*, November 23, 2011, http://espn.go.com/mlb/story/_/id/7269300/major-league-baseball-players-owners-sign-new-labor-agreement.

²³¹ Ronald Blum, “MLB Draft Restraints Mean \$100M Less for Amateurs Over 3 Years,” *Denver Post*, June, 2015, http://www.denverpost.com/rockies/ci_28251586/mlb-draft-restraints-mean-100m-less-amateurs-over-3-years.

²³² Ibid.

²³³ Ibid.

²³⁴ Ronald Blum, “MLB teams increase international spending, seeking edge” July 12, 2015, <http://www.foxsports.com/arizona/story/mlb-teams-increase-international-spending-seeking-edge-071215>.

phenomenon is not lost on agents of college and high school players in the United States. Agent Scott Boras, who represented Kris Bryant and Carlos Rodon in the 2013 and 2014 drafts, estimates that they lost a combined \$15 million because of the new slotting system.²³⁵

To add more frustration to the current collective bargaining agreement, Cuban players are neither subject to the amateur bonus pools as are Dominican and Venezuelan players nor the amateur draft for high school and collegiate players because they have played more than five years in the Cuban leagues. This distinction makes them unrestricted free agents, able to negotiate deals more on par with veteran players. This gives them the advantage of negotiating a large contract at a relatively young age compared to most players who are drafted or sign at a young age. Jose Abreu signed a \$68 million contract at age 26 in 2013, without ever having played a game in the minors or major leagues.²³⁶ It was the largest contract ever for the Chicago White Sox.²³⁷ The White Sox did not have to pay a luxury tax, lose a draft pick, or forfeit bonus money to be spent on other international players.

As of now, Cuban players who are at least 23 years old and have played in a Cuban professional league for a minimum of five seasons are exempt from the international signing guidelines established by the Collective Bargaining Agreement, effectively making them free agents once they are eligible to sign

²³⁵ Blum, “MLB Draft Restraints Mean \$100M Less,”

²³⁶ Doug Padilla, “White Sox Officially Sign Jose Abreu,” October, 2013, http://espn.go.com/chicago/mlb/story/_/id/9899364/jose-abreu-deal-chicago-white-sox-was-calculated-risk-general-manager-rick-hahn-says

²³⁷ Ibid.

with a big league club.²³⁸ Another option is for Cubans to use the wet foot, dry foot policy of the United States and just come settle here. Enacted because of the Castro government in Cuba, the policy is defined as “Cuban migrants seeking passage to the United States who are intercepted at sea ("wet feet") are sent back to Cuba or to a third country, while those who make it to U.S. soil ("dry feet") are allowed to remain in the United States.”²³⁹ However, that means they have to enter the amateur draft. As an example of this, pitcher

Jose Fernandez defected and settled in Florida in 2008, and in 2011 he was drafted by the Marlins. He signed a \$2 million signing bonus. In 2014, the Red Sox signed Cuban star Rusney Castillo to a \$72.5 million deal after he established permanent residence in the Dominican Republic.²⁴⁰

To further illustrate the difference in pay for Cuban prospects and other Latin Americans, one can examine the total money MLB teams spent on international signings during 2015. For non-Cuban, Latin American players, teams spent \$117.23 million. Whereas, Cuban players were signed for a total of \$83.68 million in 2015.²⁴¹

In early February 2016 two of Cuba’s top prospects, brothers Lourdes Gurriel Jr., and Yulieski Gurriel, defected from Cuba following the Caribbean

²³⁸ Jesse Sanchez, “Post Cuba: O’ Brothers, Where Start Thou?” February 8, 2016, <http://m.mlb.com/news/article/163919918/lourdes-gurriel-yulieski-gurriel-defect-cuba>

²³⁹ Jefferson Morley, “U.S.-Cuba Migration Policy,” *Washington Post*, July 27, 2007, <http://www.washingtonpost.com/wp-dyn/content/article/2007/07/27/AR2007072701493.html>

²⁴⁰ Christopher Chavez, “How Rays’ exhibition game in Cuba signals change for Cubans in MLB,” *Sports Illustrated* March 22, 2016, <http://www.si.com/mlb/major-league-baseball-cuba-us-embargo-changes-relationship>

²⁴¹ Ben Badler, “2015 International Spending by Team,” *Baseball America*, March 28, 2016, www.baseballamerica.com/international/2015-international-spending-by-team/#tZv2JiiEW71ictgA.97

Series held in the Dominican Republic.²⁴² Lourdes is an interesting case example because he turns 23 in October of 2016. Therefore, it is in his best interest to not sign with a MLB team until his 23rd birthday, when he becomes an outright free agent. The difference in salary could be significant, from a few million dollars to a figure similar to Puig and Jose Abreu, between \$40-\$70 million. Essentially, the professional Cuban player can take advantage of a loophole in the current collective bargaining agreement. The Cuban player's market value is reflective of his age (not 16 or 17-year-old prospects like in the Dominican Republic) and experience (professional Cuban League, national team, etc.). Other countries' players benefit from similar rules.



Photo 9: Cuban All Stars 2014

Source: <http://m.mlb.com/news/article/104397152/evaluating-best-cubans-to-play-in-major-leagues>

As alluded to in chapter 2, MLB recruits from other foreign countries besides Latin America. Since the 1960s, MLB has recruited more players from Japan. For example, Masahiro Tanaka, a 25-year-old right handed pitcher from

²⁴² Jesse Sanchez, "Post Cuba: O' Brothers, Where Start Thou?"

Japan signed with the New York Yankees in January of 2014 as a free agent. The Yankees paid a \$20 million posting fee to Rakuten (Tanaka's former team in Japan) under the terms of baseball's posting system with the Nippon Professional Baseball.²⁴³ The contract for Tanaka was worth \$155 million, good for the fifth-highest of any pitcher in history. Besides the posting fee, the Yankees did not have to surrender draft picks or lose out on bonus money in either the amateur draft or international market.

A factor for MLB owners' to consider, in regards to signing bonuses and salaries, might be the possibility of Latin Americans playing in Japan. The Japanese team Hiroshima Carp of Japan's Nippon Pro Baseball League has their own academy in the Dominican Republic.²⁴⁴ Built in 1990, the academy operates like MLB academies, signing and developing prospects before bringing them to the Japanese minor leagues.²⁴⁵ The Carp even have their own farm team in the Dominican Summer League.²⁴⁶ They have developed a handful of players who have gone on to play in the MLB, but their most successful prospect is Alfonso Soriano. Hailing from San Pedro de Macoris, Dominican Republic, Soriano did not receive contract offers from MLB teams at the age of sixteen. According to his agent Don Nomura, Soriano signed at 16 with the Carp for "a couple hundred

²⁴³ Bryan Hoch, "Tanaka Signs \$155 Million Contract with Yankees," No Post Date, <http://m.mlb.com/news/article/66923096/masahiro-tanaka-signs-seven-year-155-million-contract-with-new-york-yankees>

²⁴⁴ Anthony McCarron. "STAR WARS Alfonso Soriano is second to none, but it took a fight against an entire country" July 7, 2002, <http://www.nydailynews.com/archives/sports/star-wars-alfonso-soriano-fight-entire-country-article-1.497070>

²⁴⁵ "Hiroshima Carp building baseball academy in China," July 21, 2004, <http://www.japantimes.co.jp/news/2004/07/21/national/hiroshima-carp-building-baseball-academy-in-china/#.Vqg-DfkrKHt>

²⁴⁶ http://www.baseball-reference.com/bullpen/Hiroshima_Toyo_Carp

dollars a month.”²⁴⁷ After living at the academy during the week for two years and practicing every day, Soriano went to Japan to play in their minor leagues.²⁴⁸ After two seasons, there was a salary dispute.²⁴⁹ His agent Don Nomura “says the Carp wanted to pay Soriano \$40,000 per year when the average foreign player in the minors was making \$220,000.”²⁵⁰ Because of interest from MLB teams, the league declared Soriano a free agent and he signed a 4 year \$3.1 million contract in 1998 with the New York Yankees.²⁵¹

The current rules regarding salary pools for draft picks and international signees have created an inequitable situation that richly rewards players from a few countries playing in recognized pro league, while depressing the wages of Dominican and Venezuelan signees, as well as players (mostly American) in the amateur draft.

Work Permits

One impediment to the continued increase in foreign players from Latin America is the American visa system. Before the 1980s, the number of visas for foreign players that major league teams requested was not an issue. However, as more teams invested in academies and signed more players, acquiring enough visas became troublesome. Author Tim Wendel best describes the situation:

The United States Department of Labor restricts the number of foreign-born baseball players allowed to enter the country. At the minor-league level each major league team is allotted an average

²⁴⁷ McCarron, “STAR WARS”.

²⁴⁸ Ibid.

²⁴⁹ Ibid.

²⁵⁰ Ibid.

²⁵¹ Ibid.

of thirty-five temporary work visas per season...Those who reach the majors are allowed to work in this country under a federal provision reserved for those with “extraordinary ability in sciences, arts, education, business, and athletics.”²⁵²

The temporary workers’ visa system greatly diminishes the chances of a Dominican or Venezuelan to get to the United States to even play in the minor leagues. Those who are granted visas and invited to a minor league team could be without a visa the following year. The year to year nature of the visa system essentially puts these players on one year contracts, at the whim of the organization.

²⁵² Tim Wendel, *The New Face of Baseball: The One-Hundred Year Rise and Triumph, Latinos in America’s Favorite Sport* (NY: HarperCollins Publ., 2003), 184.

CHAPTER FIVE

CONCLUSIONS

Race

Alan Klein and Samuel Regalado wrote extensively about MLB's relationship with the Dominican Republic. They both argued that MLB has exploited Dominican players economically and that this has been done in part as a continuation of the "Latin players on the cheap" scouting system of old.²⁵³ The explosion of Dominicans signed by MLB can be traced to one event, the advent of free agency in 1975. Authors differ on why this trend took hold, but most credit major league organizations for expanding and improving their scouting efforts. Some authors also argue that the players' poverty makes them more determined to succeed. Most authors also agree that it is cheap for teams to sign and develop Dominicans and other Latin Americans.

²⁵³ Samuel O. Regalado, "Latin Players on the Cheap: Professional Recruitment in Latin America and the Neocolonialist Tradition," *Indiana Journal of Global Legal Studies*, Vol. 8, Issue 1 (Fall 2000): 9-20.

Adrian Burgos found that Latin American MLB players in the early twentieth century had to look “white” enough, or “pass” for white. He later focused on the challenges those first integrated players faced. I agree with Burgos, Ruck and other authors that discrimination was real. However, race is not the reason Dominican players are paid less than American players. Any discrimination or lingering legacies of racism are supplanted now by the business of baseball. American-born players of any race are paid and treated equally. The problem for today’s Latin American players is to secure equal wages. While it is true that the best players earn the highest salaries regardless of race or country of origin, these men represent an extremely small portion of the professional baseball pool. Professor Gerald Scully examined race and salary in baseball. He compared players’ salaries, and examined those salaries based upon race and their respective batting average and slugging percentages for the previous season (1985) and their career averages. He found “holding performance constant, black and white players are paid the same on average.”²⁵⁴ Interestingly enough, Scully found evidence that in 1968 there were pay differences but he concluded that free agency had ultimately eliminated race as an economic factor because a free market let players leave prejudiced owners or teams.²⁵⁵ Racism and discrimination are shared experiences for both African American and Latin American players, but pay differences affect Dominican and Venezuelan players like no other group in baseball.

²⁵⁴ Scully, *The Business of Major League Baseball*, 178.

²⁵⁵ *Ibid*, 178.

Opportunities

Adrian Burgos clearly lays out the case that Latin American players have a much more difficult path to reaching the major leagues and that their citizenship handicaps their ability to earn equal pay. This assertion can be proven with examples, but the scholarship needs to include the changes made in the last 30 years in signing international players. These changes were implemented in response to the growing value of international players, specifically from the Dominican Republic.

Players from the Dominican Republic are at an automatic disadvantage in the negotiation process with MLB due to their lack of options. Amateur players in the United States can choose to go to college to try and improve their abilities and likewise, hopefully increase the size of their potential signing bonus before entering the amateur draft. Collegiate play is usually not an option for Dominican players, considering they may have been playing in academies as a teenager for years or they were signed by a major league team at the age of 17. If a player, American or Dominican, signs professionally with a team, then he is disqualified from the MLB amateur draft. This almost guarantees that these Dominican players have not graduated from high school nor do they have the necessary academic skills for college. Former major leaguer José Rijo who runs a private academy in the Dominican Republic, explained that “We know the only way to

leave the country is by swinging or throwing.”²⁵⁶ This means that young players make baseball their full-time job. Lacking an education, Dominican players are pressured to be first signed by a *buscon* and then after training, signed by a professional American team.

Future of *Buscones*/Academies

Panama could very well be the next country where major league teams invest to create academies. As of 2015, there are no full time MLB-run academies in the country. Carlos Levy, international scout for the New York Yankees explained that he is the only scout for the organization in the country and he travels around to different cities watching teenagers play, writing scouting reports, and conducting tryouts.²⁵⁷ Levy, a Panamanian who played for the Yankees organization, uses his background and knowledge of the country and culture to help recruit and sign players. According to him, all thirty organizations each have one scout in the country.²⁵⁸ When the players are signed, most are sent first to the Dominican Republic to play in the Prospect League and train with better competition before moving on to the minor leagues in the United States. In Panama, the *buscones* do not sign players before they are sixteen years old. Even the best players in the country continue attending school and playing baseball, but not year round and not in an academy setting that also focuses on diet and weight training. This difference is advantageous to the Dominicans. Levy explained that

²⁵⁶ Adam Wasch. “Children Left Behind: The Effect of Major League Baseball on Education in the Dominican Republic” *Texas Review of Entertainment & Sports Law*, 11 Tex. Rev. Ent. & Sports L. (2009-2010), Issue 1 - Fall 2009.

²⁵⁷ Carlos Levy interview. 1/7/2016

²⁵⁸ Ibid.

“in Panama 16 year olds look their age, and in the Dominican the 16 year olds looks like 20-year-old men with bigger, more developed bodies.”²⁵⁹

Regardless, Panama has seen a huge rise in players being signed by MLB since 2000. Panama has a long history with MLB success. Mariano Rivera, the famous closer for the New York Yankees, is revered in the country like a national hero and Carlos Lee, a former all-star first baseman for the Houston Astros is now director of the team Veraguas, a national team of 15-17 year olds. Their success as players and their investment in Panama after their playing days are done, has helped further interest. In Carlos Lee’s case, his efforts in coaching are improving player development at the age group that is preparing to sign with MLB teams.²⁶⁰ The teams play with wooden bats, to better prepare them for MLB. But another reason more Panamanians have recently signed involves money. Reynaldo Rodriguez, representative of the federation of baseball of Panama in the state of Herrera, states that Panamanians get smaller signing bonuses than Dominican players.²⁶¹ One player that I watched while on vacation in Chitre, Panama, was Javier Garcia, a pitcher/first baseman who had recently signed with the Miami Marlins. Garcia, who was 16 when signed in 2015, agreed to a signing bonus of \$65,000 which according to Levy and Rodriguez is about average.²⁶²

²⁵⁹ Ibid.

²⁶⁰ *Mi Diario, La voz de Panama*, January 7, 2016, 16-17.

²⁶¹ Reynaldo Rodriguez, Interview, 1/7/2016.

²⁶² Ibid.



Photo 10: Carlos Levy (R), Robinson Cano (L)
Source: <https://twitter.com/carloslevy05>

Salary

MLB needs to acknowledge the wage gap and implement a more equal system. Statistics show that North American players who are selected in the amateur draft have a significantly higher chance of making it to the major leagues than Dominican players who are signed. This difference can be attributed to many factors including exercise regimen, diet, coaching, and game experience. North Americans generally will have the advantage and general managers and scouting directors would agree that foreign, Latin American players need more time to develop before they make it to the major leagues. However, the disparity in signing bonuses between the two groups of players can put the success rates of players into better perspective. This harkens back to the days of Joe Cambria and signing Latin American players on the cheap. It is in a team's best interest to sign as many players for \$10,000 or less just to see if they develop. With drafted players, the minimum signing bonus is much higher and teams are more careful when selecting players. Signing bonuses for foreign, Latin American players

were stagnant for decades and then began to rise substantially between 2000 and 2011. Subsequently, MLB instituted the signing bonus pool for international players beginning in 2012. When one takes into account the Cuban and Japanese players' experience with signing bonuses, it becomes evident that the bargaining agreement unfairly limits Dominican earning potential.

A possible solution to the signing bonus difference would be an international draft, meaning all international players, regardless of country or age would be treated equally. Major League Baseball wants to implement an international draft, but it has faced resistance from Dominicans. In Puerto Rico, some want to be excluded from the Rule 4 draft, because they blame the draft for hurting its baseball players. MLB teams would rather sign players from the Dominican Republic or Venezuela than draft Puerto Ricans.²⁶³ It is expected that owners will try to implement an international draft for the 2017 season after the current CBA expires at the end of 2016.²⁶⁴ Given MLB's existing Dominican infrastructure it could hold a televised international draft on the island itself. The island would receive the benefits of an annual event and also the opportunity to showcase the island to other future investors. It could also continue to serve as the Latin American training center.

In most Latin American countries, the development of youngsters via amateur sports does not exist. Academies are part of an international strategy to recruit foreigners and widen the baseball audience. In order to be effective as part

²⁶³ Jeffrey Storms, "EL Monticulo" ("The Mound"): The Disparate Treatment of Latin American Baseball Players In Major League Baseball" *University of St. Thomas Journal of Law & Public Policy* Vol. 2., 99.

²⁶⁴ Jonah Keri, "Why MLB Can't Stop the Dodgers From Spending Truckloads of Money on International Free Agents: A Guide" July 10, 2015, <http://grantland.com/the-triangle/los-angeles-dodgers-international-spending-guide-yadier-alvarez/>.

of the business model, salaries for imported labor must also take into consideration the investment. MLB has invested hundreds of millions of dollars during the past decade to create Latin American training centers in the Dominican Republic where youngsters basically serve an apprenticeship to learn skills, much like a plumber or electrician. Learning these skills has nothing to do with the “love of the game,” nor is it “amateur.”

What some authors ignore is the investment made for native-born players. Parents subsidize MLB by developing home-grown talent. Most future major leaguers begin playing T-ball at 5 years of age, then move to Little League, Babe Ruth, middle school and high school baseball teams. The best players play on multiple teams, year-round. By the time they reach 18 (draft-age), they have generally already played 13 years. In addition, it is common to have fitness coaches, batting coaches, trainers— all paid for by the player’s parents. A high quality bat now costs \$350. Many top brand gloves cost \$500, while cleats cost about \$150. Parents pay for travel, equipment, uniforms, and batting cage time. This could easily total \$2,000 per year, a \$26,000 investment by draft day, not including the cost of special diets and medical attention (which could easily triple this estimate). This sort of subsidy is not possible in Latin America.

Trends

Although Venezuelans recently elected a new congress which is poised to overturn the past president’s anti-American labor and tax laws, it is doubtful that the MLB would return immediately. There are 1.5 million youth baseball

participants in Venezuela, a country of thirty million.²⁶⁵ As of 2013, in the United States (a country of over 300 million people) there were 5.3 million young men aged 7 to 17 who participated in baseball.²⁶⁶ As laws change, MLB scouts will return. However, the lack of academies will put a damper on Venezuelan prospects.

It appears that Mexico is on the cusp of becoming a new hotbed for MLB recruitment. With the rapid escalation of signing bonuses in the past twelve years for Dominican, Venezuelan, and Panamanian prospects, the relative cost of securing Mexican prospects is not as prohibitive. As discussed previously, there are now multiple academies in Mexico, both privately operated and one owned by the Mexican League. Recently, the Arizona Diamondbacks announced plans to expand their relationship with their cross-border neighbors, the Hermosillo Naranjeros in Sonora. Arizona has hired two former Diamondback players with connections to the Latin American community. Erubial Durazo, a first baseman who is from Sonora and Luis Gonzalez, a Cuban-American all-star outfielder, were named special advisor and special assistant respectively.²⁶⁷ The plan is to run baseball clinics in Sonora with Diamondback players and coaches, have Arizona minor leaguers play for the Naranjeros, and also develop Mexican players. The long-term goal is to develop an academy. Diamondbacks President and CEO Derrick Hall stated that, "I've said for many years that what I dream of

²⁶⁵ Jorge Ortiz, "Unsafe at Home: MLB's Venezuelan Stars Fleeing Country," *USA Today*, March 24, 2015, <http://www.usatoday.com/story/sports/mlb/2015/03/24/mlb-venezuelan-players-unrest/70373988/>

²⁶⁶ Brian Costa, "Why Children Are Abandoning Baseball," *Wall Street Journal*, May 20, 2015, <http://www.wsj.com/articles/why-baseball-is-losing-children-1432136172> (Accessed February 7, 2016).

²⁶⁷ Josh Rawitch, "D-backs Announce Hermosillo Partnership," January 8, 2016, <http://m.mlb.com/news/article/161456538/diamondbacks-erubiel-durazo-travel-to-mexico>.

for the Diamondbacks is to have a Mexican-born superstar on our roster, but more importantly, I want one from Sonora."²⁶⁸ Likewise, Presidents Barack Obama and Raul Castro agreed to ease baseball recruitment barriers. Increased Cuban recruitment seems possible in the near future.

Major League Baseball has made tremendous investments and enhancements to their Latin American operations in response to criticism of past prospects' experiences. It behooves MLB to hire *buscones* to bring them out of the shadows and to standardize pay for them. MLB needs to address pay inequalities for players from different countries and come to a common-sense reform which takes into account academy costs when relevant, but also rewards players fairly. For example, teams spend a minimum of \$5 million on North American players drafted in the first five rounds (much more if they have a top 5 pick), but are now capped at less than that total for all the Dominican, Venezuelan, and Panamanian players they sign in a year. MLB should consider implementing more equal penalties for teams that go over bonus pool caps with both international players and players in the amateur draft. This issue has to be taken up by the MLBPA. I agree with baseball writer Mike Axisa, that "Four years ago [2011], the MLBPA collectively bargained away the earning potential of amateur players."²⁶⁹

History shows that Major League Baseball and its owners will continue fighting players over salary and continue to acquire talent as cheaply as possible.

²⁶⁸ Ibid.

²⁶⁹ Mike Axisa, "The Early Returns from the 2014-2015 International Spending Spree [2015 Season Review] *River Ave Blues*, December 14, 2015, Riveraveblues.com/2015/12/the-early-returns-from-the-2014-15-international-spending-spree-2015-season-review-131343/

Because of the success of the academy system, in the Dominican Republic and Venezuela, it has become the de facto training program for foreign players. MLB is expanding recruitment around the world to find talented players who can be developed in the academies cheaply. Baseball needs to acknowledge the result of the academy system: significant differences in pay for foreign players depending on country of origin, and come to a fairer international signing agreement. Since MLB does not have an incentive to change its draft and signing rules to benefit both international and North American amateur players, the most likely scenario is a lawsuit attacking the legality of the Rule 4 amateur draft and the international signing bonus pool system. As discussed, salaries have risen substantially for Latin American players in the period from 2000 to 2015 because of increased competition for their services. The free market solution has limits. The vast majority of players from the Dominican Republic never will receive million dollar contracts. Even so the system now in place is an improvement to what prevailed between 1980 and 1995.

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APPENDIX 1: LATIN AMERICAN MLB PLAYERS BY COUNTRY OF ORIGIN

of Latin American MLB Players by Country of Origin

COUNTRY	1900 1950	1950 1960	1960 1970	1970 1980	1980 1990	1991 2015*	TOTAL
Mexico	5	7	7	18	13	68	118
Cuba	43	32	35	4	8	71	193
Dominican Rep.	0	2	22	37	64	517	642
Puerto Rico	2	14	24	40	46	125	253
Panama	0	5	13	6	1	30	55
Colombia	1	0	0	1	1	14	17
Venezuela	2	4	9	10	29	287	341
Nicaragua	0	0	0	2	3	9	14
Honduras	0	0	0	0	1	0	1
Belize	0	0	0	0	1	0	1
TOTAL	53	64	110	118	167	1,121	1,635

SOURCES:

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*Baseball Reference.com/Bio

APPENDIX 2: LOCATION OF MLB ACADEMY FACILITIES IN THE DOMINICAN REPUBLIC (2015)

MLB CLUB	TOWNS					
	S. Pedro Marcoris	Boca Chica	Guerra	El Toro	Villa Mella	Najayo S. Cristobal
Diamond Backs		X				
Cubs		X				
Rockies		X				
White Sox		X				
Twins		X				
Phillies		X				
Mets		X				
Orioles		X				
Reds		X				
Marlins		X				
Yankees		X				
Giants		X				
Rangers		X				
Angels	X					
Blue Jays	X					
Braves	X					
Tigers	X					
Brewers	X					
Dodgers			X			
Mariners			X			
Rays			X			
Astros			X			
Indians			X			
Royals			X			
Pirates				X		
Red Sox				X		
Cardinals					X	
A's					X	
Padres						X

SOURCE:
MLB.com/DR/academies

APPENDIX 3: AMERICAN HEMISPHERE BASEBALL CHRONOLOGY

CHRONOLOGY

1791 Pittsfield, Massachusetts banned baseball play within 80 yards of the town meeting hall.*

1823 A Hagerstown, Maryland newspaper mentioned “a game of baseball.”

1845 American Alexander J. Cartwright wrote rules and redesigned the baseball field for the amateur New York Knickerbockers.

1868 Cubans Nemesio and Ernesto Guillo organized the amateur Havana Baseball Club in Cuba.

1869 The first American all-professional baseball team organized.

1871 The National Association of Professional Baseball Players (NAPBP) organized a league including nine teams. Cuban Esteben Belen joined one of the clubs.

1875 The NAPBP dissolved.

1876 The National League (NL) organized with eight teams from these cities: Boston, Chicago, Cincinnati, Hartford, Louisville, New York, Philadelphia and Saint Louis.

1877 American sailors played an exhibition game for Mexican locals in Guaymas.

1878 Two professional teams organized in Cuba.

1880 The reserve clause instituted by club owners. Players formed their own league. Leagues quickly merged.

1887 First sale of American baseball broadcast rights signed. Each team received \$300 in free telegrams in exchange for the right to transmit play-by-play via the telegraph. Mexico Club amateur baseball team organized.

1889 Amateur baseball organized in Nicaragua.

1890 First American professional player strike.

* NOTE: Sources differ as to the inception of baseball. Some believe it evolved from the English game of rounders while others insist that it is a uniquely American game. Prior to 1845, the field size, shape and even rules varied from city to city. The MLB Hall of Fame in Cooperstown, New York cites Abner Doubleday as the originator. This is disputed by many.

1891 As a result of the strike, the NL and the American Association merged. Baseball introduced to the Dominican Republic.

1893 Western League organized. This would later become the American League.

1898 First amateur game played in Puerto Rico.

1900 American League (AL) organized.

1902 NL, AL and players (NABPL) entered an agreement to end player poaching, strengthen reserve clause and set a championship between leagues. Colombian Luis Castro joined the Philadelphia Athletics.

1903 First World Series played. First amateur games played in Colombia.

1907 First Dominican amateur team organized.

1910 American League champions lost six of ten games to Cuban teams. The movie industry paid \$500 for the right to show film highlights of the World Series.

1911 The movie industry fee was increased to \$3,500. Cubans Rafael Almeida and Armando Marsans joined the Cincinnati Reds.

1912 A third player's union was formed. There was a brief strike to protest a Ty Cobb indefinite suspension. He was reinstated. Cuban Miguel Gonzalez joined the Boston Braves.

1913 Each team received \$7,000 per year for five years in exchange for the right to broadcast play-by-play of games via telegraph.

1914 The Federal League organized. Cuban Adolfo Luque joined the Boston Braves.

1916 The Federal League ceased to exist.

1922 U.S. Supreme Court ruled on *Federal Baseball* (Federal League) v. *National League*. The court ruled in favor of the NL that baseball was a game, not a business and therefore was exempt from the 1890 Sherman (anti-trust) Act. The World Series was broadcast over the radio for the first time. Revenue was shared equally by each team (not just those participating) to set a precedent.

1925 Chicago Cubs were the first team to regularly broadcast games over the radio. No fees were charged since the owner considered this good publicity.

Branch Rickey was named the General Manager of the Cardinals. Within a few years he will established the “farm system.” A Mexican professional league organized. Mexicans teams soon barnstormed the U.S.A. and the Caribbean.

1926 Mexico hosted the first Central American Games (amateur baseball).

1930 Cuba, Mexico, Panama, Nicaragua, El Salvador and Guatemala formed amateur baseball teams to compete in the Central American Games.

1934 The Cardinals won a second World Series in four years, partly due to the talent from the new farm system.

1937 Venezuela fielded a team to compete in an amateur World Series hosted by Cuba. The Dominican Republic organized a national tournament.

1938 Puerto Rico organized a professional winter league.

1939 A professional American baseball game was broadcast live over experimental television for the first time.

1941 An amateur Venezuelan team won the baseball World Cup in Havana.

1946 The Yankees sold rights to locally broadcast games over the television for \$75,000. Venezuela and Panama organized professional winter leagues. The Guild, an association of major league ballplayers, formed.

1947 Jackie Robinson debuted with the Dodgers.

1948 A Colombian professional league organized.

1950 MLB requested that the U.S. Congress pass a general immunity bill for all professional sports. Congress took no legislative action.

1954 The Major League Baseball Players Association (MLBPA) formed.

1955 All MLB teams sold local television broadcast rights.

1956 Dominican Ozzie Virgil joined MLB.

1957 MLB’s request for general immunity was revisited in the U.S. Congress. No legislative action was taken.

1965 More than half (56%) of MLB amateur draftees were high school graduates.

1966 Marvin Miller became the first Executive Director of the MLBPA.

1968 Miller (MLBPA) negotiated the first collective bargaining agreement. The most important change involved the appointment of a mutually agreed upon arbitrator in the event of disagreement. Previously, the Baseball Commissioner (the owner's employee) had final word.

1969 MLBPA agreed to pay for Curt Flood's lawsuit against MLB's reserve clause (in effect since 1880).

1972 The U.S. Supreme Court upheld MLB's anti-trust exemption (and the reserve clause). The players struck.

1974 A national television contract garnered \$72 million.

1975 The MLB arbitrator granted free agency after six years of service, ending the reserve clause after 95 years. The Blue Jays improved their Dominican academy.

1976 The average MLB salary was \$52,300.

1980 The average MLB salary was \$146,000.

1981 MLB players struck.

1984 The Dominican Republic enacted law to set a minimum signing age of 17.

1985 MLB players went on strike.

1987 The Dodgers inaugurated their new Dominican academy.

1989 The first (of 21) academy built in Venezuela.

1990 MLB owners locked out players for 32 days.

1991 The average MLB salary was \$891,888.

1994 MLB players struck. The World Series was canceled.

2001 The average MLB salary was \$2.26 million.

2002 Television broadcast rights earned \$24 million to each team. Twenty-one academies operated in Venezuela.

2005 About one third (35%) of MLB amateur draftees were high school graduates. More than one quarter (26%) of all MLB players were Hispanic.

2007 The number of Hispanic MLB players increased to 29%.

2010 The number of Venezuelan academies decreased to six while the number of Dominican academies increased to 30.

2011 The average MLB salary was \$3.3 million. A special salary cap was instituted by MLB owners for Dominican and Venezuelan players.

2014 Annual MLB revenue increased to a record \$8 billion.

2015 The number of Venezuelan academies decreased to 3.